

**NMH Foundation
(A company limited by guarantee and not having a share
capital)**

Annual Report

Financial Year Ended 31 December 2018

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DIRECTORS AND OTHER INFORMATION

Board of directors

Dr Rhona Mahony
Dr Peter Boylan (resigned 12th November 2018)
Dr John Murphy
Ms Niamh Callaghan
Mr Ronan Gavin
Ms Ruth Curran
Mr Padraig McManus (resigned 14th May 2018)
Ms Caroline Keeling
Mr Chris O'Connell
Ms Meliosa O'Caoimh
Prof Shane Higgins (appointed 25th February 2019)
Mr Tom Brennan (appointed 26th March 2018)

Secretary and registered office

Ronan Gavin
National Maternity Hospital
Holles Street
Dublin 2

Registered number: 518984 (Incorporated on 18 October 2012)

Charity registration no.: CHY (Revenue) No 20389
Registered Charity No 20080891
S.848a Donations Relief granted 18 April 2013

Auditors

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

Solicitors

Mason Hayes & Curran
South Bank House
Barrow Street
Dublin 4

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Bankers

Bank of Ireland
2 College Green
Dublin 2

DIRECTORS' REPORT (INCORPORATING THE TRUSTEES REPORT)

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

The Directors of the NMH Foundation (the Foundation) are its trustees for the purposes of Charity Law. This report incorporates statutory requirements as outlined in the Companies Act 2014 and has been prepared in reference to the Statement of Recommended Practice for Charities in accordance with the Financial Reporting Standard applicable in the Republic of Ireland (FRS102) (effective 1 January 2015). The Charity SORP (FRS 102) is not yet mandatory in the Republic of Ireland and the Irish Charity Regulator has not yet prescribed accounting regulations for Irish Charities. In the absence of such prescriptive guidance, the Trustees have adopted the Charity SORP (FRS 102) as it is considered best practice.

Objectives and activities

The Foundation, as a voluntary charitable organisation, has as its main objective the development of a sustainable fundraising capability that will support the National Maternity Hospital in maintaining its position as a centre of excellence in the delivery of mother and baby care and research.

The main activity of the Foundation is raising funds to support the work of the National Maternity Hospital, Holles Street. The Foundation supports all areas of need within the NMH, including equipment, research and education programmes; and support services for mothers and babies. Money is raised through direct donations, events and corporate partnerships.

New initiatives scheme

New initiatives include increased community fundraising, direct debit/regular giving and increased event activity.

Legal status and governing document

The Foundation is an Irish company incorporated on 18 October 2012. It is a company limited by guarantee and does not have a share capital. The Foundation is a not-for-profit organisation with charitable status granted on 18 April 2013, with Articles of Association and a board of non-executive Directors. The Foundation's CHY (Revenue) number is CHY 20389 and its registration charity number is 20080891.

Statement of Board of Directors' responsibilities

The Board of Directors is responsible for preparing the Directors' Report and the financial statements of the Foundation.

The Board of Directors is required to prepare financial statements, for each financial year, that give a true and fair view of the Foundation's assets, liabilities and financial position as at the end of the financial year and of the surplus or deficit of the Foundation for the financial year. The Board of Directors has prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 which is the Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish Law) and Charities Statement of Recommended Practice (SORP) (FRS 102).

Under Company Law, the Board of Directors shall not approve the financial statements unless it is satisfied that they give a true and fair view of the assets, liabilities and financial position of the Foundation, as at the end of the financial year and the surplus or deficit of the Foundation for the financial year, and otherwise comply with the Companies Act 2014.

DIRECTORS' REPORT (INCORPORATING THE TRUSTEES REPORT) - continued

Statement of Board of Directors' responsibilities - continued

In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Board of Directors is responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Foundation;
- enable, at any time, the assets, liabilities, financial position and surplus or deficit of the Foundation to be determined with reasonable accuracy; and
- enable those financial statements to be audited.

The Board of Directors is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and business review

The company is responsible for the fundraising activities of the National Maternity Hospital.

The Directors consider the level of fundraising activity and the year-end financial position to be satisfactory.

Financial review

The result for the year is set out on page 9. In 2017 the NMH Foundation donated an MRI machine with a carrying value of €2,018,596 to the National Maternity Hospital, this figure is included in the 2017 comparative information. This machine was purchased, installed and commissioned by the Foundation in 2017 and funded by donations received between 2014 and 2017. There was no such transfer in the 2018 financial year.

Income generation

The Foundation's income is in line with the prior year with an increase from €401,445 in the year to 31 December 2017 to €485,200 in the year to 31 December 2018. The surplus for the year was €67,426. The 2017 deficit was entirely as a result of the MRI donation to the Hospital.

Resources expended

The vast majority of the resources expended goes towards supporting the fundraising activities of the Foundation. The remainder relates to support costs which facilitate the day to day running of the Foundation.

Reserves

The Directors have reviewed the reserves on hand at the year end and analysed them as restricted and unrestricted where relevant. There are currently no unrestricted reserves. Performance for the year has been in line with expectations.

Principal risks and uncertainties

The Directors have ultimate responsibility for ensuring that the Foundation has an appropriate system of controls, financial and otherwise. The Directors consider the principal risks and uncertainties faced by the Foundation to be the loss of public support and donor fatigue. In addition, the systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Directors.
- Regular consideration by the Directors of financial results and variance reports in relation to individual projects and overall budget and
- Delegation of authority and segregation of duties.

DIRECTORS' REPORT (INCORPORATING THE TRUSTEES REPORT) - continued

Accounting records

The measures taken by the Directors to secure compliance with the Foundation's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the National Maternity Hospital, Holles Street, Dublin 2.

Directors

The names of the persons who served as Directors at any time during the year are set out below. Unless otherwise indicated they served as Directors for the entire year.

Dr Rhona Mahony	(Chairman and Member)
Dr Peter Boylan	(Member resigned 12 th November 2018)
Dr John Murphy	(and Member)
Ms Niamh Callaghan	(and Member)
Mr Ronan Gavin	(Secretary and Member)
Mr Pdraig McManus	(Chairman and Member resigned 14 th May 2018)
Ms Ruth Curran	
Ms Caroline Keeling	
Mr Chris O'Connell	
Ms Meliosa O'Caoimh	
Mr Tom Brennan	(Appointed 26 th March 2018)

Unless otherwise indicated, all of the above served for the entire period. This is a Company limited by guarantee without a share capital. The Articles of Association provide for the rotation of directors at AGMs. A retiring Director shall be eligible for re-election.

Events since the end of the financial year

There are no significant or material subsequent events affecting the Foundation since the year end.

Future developments

It is the intention of the Directors to continue to develop the existing activities of the Foundation.

Political donations

The Foundation did not make any political donations during the financial period.

Research and development

The Foundation did not incur any research and development expenditure during the financial period.

Disclosure of information to auditors

The Directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the Foundation's statutory auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Foundation's statutory auditors are aware of that information.

Auditors

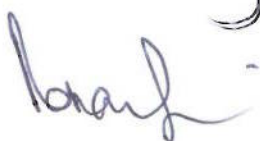
The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

Prof Shane Higgins



Ronan Gavin





Independent auditors' report to the members of NMH Foundation (limited by guarantee and not having a share capital)

Report on the audit of the financial statements

Opinion

In our opinion, NMH Foundation (limited by guarantee and not having a share capital)'s financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Balance sheet as at 31 December 2018;
- the Statement of financial activities for the year then ended;
- the Cash flow statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.



Independent auditors' report to the members of NMH Foundation (limited by guarantee and not having a share capital) - continued

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Board of Directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.



Independent auditors' report to the members of NMH Foundation (limited by guarantee and not having a share capital) - continued

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'Richard Sammon', written in a cursive style.

Richard Sammon
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
27 September 2019

STATEMENT OF FINANCIAL ACTIVITIES
Year Ended 31 December 2018

	Notes	2018 €	2017 €
Income and expenditure		Unrestricted	Unrestricted
Income from:			
Investment income	5	94,420	94,420
Donations and legacies		192,345	134,923
Charitable activities & donations		<u>198,435</u>	<u>172,102</u>
Total income		<u>485,200</u>	<u>401,445</u>
Expenditure on:			
Loan interest	5	94,420	94,420
Raising funds	8	113,738	147,077
Charitable activities & donations	9	<u>209,616</u>	<u>2,098,235</u>
Total expenditure		<u>417,774</u>	<u>2,339,732</u>
Net gain on investment property valuation	12	1,900,000	-
Net surplus/(deficit)		<u>1,967,426</u>	<u>(1,938,287)</u>
Reconciliation of funds			
Total funds brought forward		<u>4,116,741</u>	<u>6,055,028</u>
Total funds carried forward		<u>6,084,167</u>	<u>4,116,741</u>

There were no recognised gains or losses other than those dealt with in the Statements of Financial Activities above.

There is no difference between the net incoming resources for the period and the net incoming resources retained for the period stated above, and their historical cost equivalents.

BALANCE SHEET
As at 31 December 2018

	Notes	2018 €	2017 €
Fixed assets			
Property investment	12	<u>10,650,000</u>	<u>8,750,000</u>
Current assets			
Stock		963	1,480
Debtors	13	72,053	102,069
Cash at bank		<u>343,491</u>	<u>230,466</u>
Total current assets		416,507	334,015
Current liabilities			
Creditors - amounts falling due within one year	14	<u>(261,455)</u>	<u>(246,389)</u>
Net current assets		<u>155,052</u>	<u>87,626</u>
Long-term liabilities			
Creditors - amounts falling due after more than one year	15	<u>(4,720,885)</u>	<u>(4,720,885)</u>
Net assets		<u>6,084,167</u>	<u>4,116,741</u>
Capital and reserves			
Accumulated fund – unrestricted		155,052	87,626
Asset revaluation reserve – unrestricted		<u>5,929,115</u>	<u>4,029,115</u>
Members' funds - equity interests		<u>6,084,167</u>	<u>4,116,741</u>

On behalf of the board

Prof Shane Higgins



Ronan Gavin



STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2018

	Unrestricted revaluation reserve €	Unrestricted accumulated fund €	Total €
Balance at 1 January 2017	4,029,115	2,025,913	6,055,028
Loss for the year	-	(1,938,287)	(1,938,287)
Revaluation increment	-	-	-
Balance at 31 December 2017	<u>4,029,115</u>	<u>87,626</u>	<u>4,116,741</u>
Balance at 1 January 2018	4,029,115	87,626	4,116,741
Surplus for the year	-	67,426	67,426
Gain on fair value of investment property	<u>1,900,000</u>	<u>-</u>	<u>1,900,000</u>
Balance at 31 December 2018	<u>5,929,115</u>	<u>155,052</u>	<u>6,084,167</u>

CASH FLOW STATEMENT
Financial Year Ended 31 December 2018

	Notes	2018 €	2017 €
Cash flows from operating activities			
Cash flows provided by operating activities	16	<u>113,025</u>	<u>67,024</u>
Cash flows from investing activities			
Rental Income received		<u>94,420</u>	<u>94,420</u>
Cash flows from financing activities			
Interest paid on borrowings		<u>(94,420)</u>	<u>(94,420)</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period	17	<u>230,466</u>	<u>163,442</u>
Cash and cash equivalents at the end of the reporting period	17	<u>343,491</u>	<u>230,466</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of compliance

The financial statements have been prepared on a going concern basis and in accordance with the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and (provisions of Charities SORP (FRS 102)), and the Companies Act 2014.

2 General information

The Foundation's principal objective is the development of a sustainable fundraising capability that will support the National Maternity Hospital in maintaining its position as a centre of excellence in the delivery of mother and baby care and research.

The Company is incorporated as a Company Limited by Guarantee in the Republic of Ireland under registration number 518984. The address of its registered office is The National Maternity Hospital, Holles Street, Dublin 2. The Foundation's CHY (Revenue) number is CHY 20389 and its registration charity number is 20080891.

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated. The charity has adopted the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and certain provisions of Charity SORP (FRS 102).

3 Summary of significant accounting policies

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation and uncertainty at the reporting date. It also requires the Directors to exercise their judgement in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and provisions of – (Charities SORP (FRS 102)), and the Companies Act 2014.

The Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Historical cost convention

The financial statements are prepared under the historical cost convention except that investments are stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

Going concern

The Foundation meets its day-to-day working capital requirements through its cash balances and investments. The current economic conditions continue to create uncertainty over the ability of the foundation to maintain the level of donations received. The Foundation's forecasts and projections, taking account of reasonably possible changes in fundraising performance, show that the Foundation should be able to operate for the foreseeable future. After making enquiries, the Directors have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. Therefore these financial statements have been prepared on a going concern basis.

Income

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

Rental Income

Rental income arises on the leasing of 65/66 Lower Mount Street Dublin 2. The Foundation has leased the property for an initial period of seven years. Rental income arising on the rental of investment properties held by the Foundation as investment properties is recognised as the rental income falls due.

Legacy income and bequests

For legacies and bequests, entitlement is taken as the earlier of the date on which either the foundation is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to clarify that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the foundation has been notified of the executor's intentions to make a distribution. Where legacies have been notified to the foundation or the foundation is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donation income

Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Donations or grants that are subject to terms or performance related conditions or other conditions that must be met before there is unconditional entitlement to the gifted resources, have been separately identified within the financial statements.

Funds

All transactions of the Foundation have been recorded and reported as income into or expenditure from funds which are designated as "restricted", or "unrestricted".

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value. Fair value is "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction other than in a forced or liquidation sale". Estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

Such financial assets subsequently measured at fair value and the changes in fair value are recognised in the Statement of Financial Activities, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Realised gains and losses on disposal of investments are the difference between sales proceeds receivable and carrying value. Unrealised gains and losses are the difference between market value at year end and carrying value.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Trade and other creditors, bank loans, loans from related companies, preference shares and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Basic financial liabilities, including trade and other creditors, loans from third parties, are initially recognised at settlement price.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(ii) *Financial liabilities - continued*

Variable rate loans were recognised initially at an amount equal to the principal payable at maturity, and therefore re-estimating the future interest payments has no significant effect on the carrying amount of the loans, which have not been discounted.

Investment property

Investment property is held at fair value. Gains and losses arising from the revaluation of the investment property are included in the Statement of Financial Activities. See note 12 for additional information.

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- (i) investment properties whose fair value can be measured reliably are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- (ii) no depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Acts concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

All of the investment property fair values at 31 December 2018 are based on valuations provided by an external, independent valuer (Knight Frank) as at 31 December 2018, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued

4 Critical accounting judgements

Estimates and judgements made in the process of preparing the foundation entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(i) *Valuation of Non-exchange transactions*

The financial statements include non-exchange transactions where the Foundation has benefited from the donation of time and other goods and services from various donors. The Foundation did not have any non-exchange transactions in 2018 (2017: nil).

(ii) *Valuation of investment properties*

The directors make an assessment at the end of each financial year of whether there is objective evidence that the carrying value of each investment property is impaired. When assessing impairment the directors consider factors including the market data, investment property performance and results of the independent valuation of the properties which were carried out as at 31 December 2018. See note 12 for the net carrying amount of investment properties. There was no impairment loss recognised in the financial period.

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Investment income and management costs	2018	2017
	€	€
Interest received on deposit account	-	-
Rent received on investment property	<u>94,420</u>	<u>94,420</u>
	<u>94,420</u>	<u>94,420</u>
Interest payable on loan to purchase investment property	<u>(94,420)</u>	<u>(94,420)</u>

Interest payable is accrued at a rate of 2% per annum.

6 Payroll costs	2018	2017
	€	€
Wages & Salaries	49,923	82,868
Social insurance costs	<u>5,417</u>	<u>8,908</u>
	<u>55,340</u>	<u>91,776</u>

The average number of persons employed by the Foundation during the financial year was one. The NMH Foundation employs one full time employee.

No salaries or fees are payable to the Directors of the Foundation.

7 Key management compensation	2018	2017
	€	€
Compensation paid or payable to key management personnel for employee services are shown below:		
Wages & Salaries	48,468	65,588
Social insurance cost	<u>5,259</u>	<u>5,989</u>
	<u>53,727</u>	<u>71,577</u>

There were no employees who earned over €70,000 for the financial year (2017: Nil)

8 Expenditure on raising funds - unrestricted	2018	2017
	€	€
Fundraising events	84,036	84,076
Support costs (note 10)	22,852	39,210
Governance costs (note 10)	<u>6,850</u>	<u>23,791</u>
	<u>113,738</u>	<u>147,077</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Expenditure on charitable activities & donations - unrestricted	2018	2017
	€	€
Payroll costs	24,903	41,299
Support and governance costs (note 10)	8,389	16,218
Governance costs	8,301	13,766
MRI Equipment	-	2,018,596
Hospital Equipment	168,023	8,356
	<u>209,616</u>	<u>2,098,235</u>

Incoming resources and resources expended in the generation of funds for charitable activities

The Foundation raises funds for much needed equipment for the National Maternity Hospital. The events listed below were held in the period ended 31 December 2018 to raise such funds:

	Income	Direct expenses	Direct contribution
	2018	2018	2018
	€	€	€
Fashion Show	100,800	47,334	53,466
Lisbon Run	45,950	21,496	24,454
Golf Classic	35,190	10,059	25,131
Mini Marathon	16,495	5,148	11,347
Total	<u>198,435</u>	<u>84,037</u>	<u>114,398</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Analysis of governance and support costs

2018

	Charitable activities		Raising funds		Basis of apportionment
	General support	Governance functions	General support	Governance functions	
Payroll costs	24,903	8,301	22,136	-	Pro-rata based on time incurred
Subscriptions/memberships	-	-	716	-	Based on specific expenditure plus pro-rata of costs
Bank and credit card charges	2,454	-	-	-	Based on specific expenditure plus pro-rata of costs
Printing and stationery	1,706	-	-	-	Based on specific expenditure plus pro-rata of costs
Advertising and marketing	1,140	-	-	-	Based on specific expenditure plus pro-rata of costs
Professional fees	-	-	-	6,850	Based on specific expenditure plus pro-rata of costs
Staff travel and conferences	1,209	-	-	-	Based on specific expenditure plus pro-rata of costs
Office equipment	1,658	-	-	-	Based on specific expenditure plus pro-rata of costs
Telephone	222	-	-	-	Based on specific expenditure plus pro-rata of costs
	<u>33,292</u>	<u>8,301</u>	<u>22,852</u>	<u>6,850</u>	

2017

	Charitable activities		Raising funds		Basis of apportionment
	General support	Governance functions	General support	Governance functions	
Payroll costs	41,299	13,766	36,710	-	Pro-rata based on time incurred
Subscriptions/memberships	-	-	2,500	-	Based on specific expenditure plus pro-rata of costs
Bank and credit card charges	1,862	-	-	-	Based on specific expenditure plus pro-rata of costs
Printing and stationery	3,121	-	-	-	Based on specific expenditure plus pro-rata of costs
Advertising and marketing	4,085	-	-	-	Based on specific expenditure plus pro-rata of costs
Professional fees	-	-	-	23,791	Based on specific expenditure plus pro-rata of costs
Staff travel and conferences	1,404	-	-	-	Based on specific expenditure plus pro-rata of costs
Office equipment	5,480	-	-	-	Based on specific expenditure plus pro-rata of costs
Telephone	266	-	-	-	Based on specific expenditure plus pro-rata of costs
	<u>57,517</u>	<u>13,766</u>	<u>39,210</u>	<u>23,791</u>	

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Statutory and other information	2018 €	2017 €
The surplus/(deficit) for the year has been arrived at after charging/(crediting):		
Directors' remuneration	-	-
Auditors' remuneration	<u>6,850</u>	<u>7,754</u>

12 Investment assets	2018 €	2017 €
Investment property at beginning	<u>8,750,000</u>	<u>8,750,000</u>
Valuation increase	<u>1,900,000</u>	-
Investment property at end	<u>10,650,000</u>	<u>8,750,000</u>

The value of the investment property at 31 December 2018 was based on a valuation provided by a qualified third party valuer (Knight Frank). The valuation is based on the market value as defined within the RICS valuation – Global Standards 2017, using the investment method, which took into account the comparable market yields. Attention is drawn to the judgements and risks associated with the valuation of investment properties, particularly where there is market uncertainty. The outcome of this uncertainty may result in a material change to the market value of the properties but cannot presently be determined.

The Board of Directors have determined that the investment property will be revalued on a 5 year rolling basis from the date of the last formal valuation. The Directors assess annually whether there is a material change in fair value by reference to the external indices and market factors to determine if a valuation is required outside of the valuation schedule.

The NMH Foundation has given a guarantee in relation to the loans from the Medical Fund and the Scientific Research College which is secured by a charge on the NMH Foundation's investment property.

13 Debtors	2018 €	2017 €
Debtors	<u>72,053</u>	<u>102,069</u>

14 Creditors - amounts falling due within one year	2018 €	2017 €
Creditors	89,741	5,076
Accruals	<u>171,714</u>	<u>241,313</u>
	<u>261,455</u>	<u>246,389</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Creditors - amounts falling due within greater than one year	2018 €	2017 €
Loan from The Medical Fund	4,100,000	4,100,000
Loan from The Scientific Research College	<u>620,885</u>	<u>620,885</u>
	<u>4,720,885</u>	<u>4,720,885</u>

These loans were used to purchase the building at 65/66 Lower Mount St, Dublin 2. The Foundation's total loans at 31 December 2018 were €4,720,885 (2017: €4,720,885), representing inter entity loans, repayable upon sale of the property. The loans are subject to interest at a rate of 2% (2017: 2%).

16 Reconciliation of net incoming resources to net cash inflow from charitable activities	2018 €	2017 €
Net income/(expenditure) for the reporting period	1,967,426	(1,938,287)
Decrease in stocks	517	660
Decrease/(increase) in debtors	30,016	1,908,290
Fair value gain on investment property	(1,900,000)	-
Increase/(Decrease) in creditors	<u>15,066</u>	<u>96,361</u>
Net cash inflow/(outflow) from activities	<u>113,025</u>	<u>67,024</u>

17 Analysis of changes in net cash	2017 €	Cash flow €	2018 €
Cash at bank	<u>230,466</u>	<u>113,025</u>	<u>343,491</u>

18 Financial instruments	2018 €	2017 €
Financial assets at fair value through profit or loss		
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors	<u>72,053</u>	<u>102,068</u>
Cash at bank and in hand	<u>343,491</u>	<u>230,466</u>
Financial liabilities measured at amortised cost:		
- Trade creditors	89,741	5,076
- Borrowings from The Medical Fund	4,100,000	4,100,000
- Borrowings from The Scientific Research College	<u>620,885</u>	<u>620,885</u>
	<u>4,810,626</u>	<u>4,725,961</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Lease commitments receivable	2018	2017
	€	€
The future minimum lease payments receivable under non-cancellable operating lease at the end of the financial year were:		
Payments due		
Not later than one year	94,420	94,420
Later than one year but not later than five years	<u>94,420</u>	<u>188,840</u>
	<u>188,840</u>	<u>246,389</u>

20 Related party transactions

The Directors have considered the requirements of Section 33 of FRS 102 'related party disclosures' whereby related Parties can be defined as entities under common control with common Directors who can also exercise significant influence or control. From an NMH Foundation perspective, while not related parties under the generally applied definitions, the Foundation did engage in the following transactions with entities who are themselves related entities;

1. Loans, as set out in Note 15, are from NMH Medical Fund and NMH Scientific & Research College.
2. Lease of Property at 65/66 Lower Mount Street to the National Maternity Hospital at an annual rent of €94k.
3. An MRI machine purchased, installed and commissioned during 2017 from donations received between 2014 and 2017 was donated to the National Maternity Hospital in 2017. In 2018, equipment totalling €168,203 has been donated to the National Maternity Hospital.

21 Events after the end of the reporting period

There were no events after the end of the reporting period which require disclosure in the financial statements.

22 Approval of the financial statements

The named representatives approved the financial statements on behalf of the Board of Directors on 23rd September 2019.