The Cheshire Foundation in Ireland
Cheshire Ireland (a company limited by guarantee)

Directors' Report and Financial Statements

Financial Year Ended 31 December 2014

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

Eoin O'Morain	(Chairman, appointed Chairman 3 November 2014)
Michael O'Mahony	(Vice Chairman, appointed Vice Chairman 3 November 2014)
Vivienne Bradley	
Dr Mark Delargy	(retired 11 May 2015)
Maeve Nolan	
Owen Collumb	(retired 10 November 2014)
Diane Davison	
Jerome Kennedy	
Mary Finan	(retired 10 November 2014)
Gary Britton	
Chris Pidgeon	(appointed 11 May 2015)

Bankers

Bank of Ireland
Lower Baggot Street
Dublin 2

AIB Bank
Bank Centre
Ballsbridge
Dublin 4

Ulster Bank
Blackrock Branch
Blackrock
Co Dublin

Danske Bank
1 Airton Close
Airton Road
Dublin 24

Solicitors

McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Secretary and Registered Office

Mr Mark Blake-Knox
Block 4
Bracken Business Park
Bracken Road
Sandyford Industrial Estate
Dublin 18

Company Registration Number: 20165

Registered Charity Number: CHY 5484

Auditors

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

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

Statement of directors' responsibilities
The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Accounting records
The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are maintained at Block 4, Bracken Business Park, Bracken Road, Sandyford Industrial Estate, Dublin 18.

Principal activities and review of the business
Cheshire Ireland is a not for profit organisation and a registered charity which provides a range of supported accommodation, respite and other support services to adults with neurological conditions and physical disabilities. The HSE funds Cheshire Ireland directly to provide support services to people with disabilities living in residential group homes, supported housing and in their own homes, based on the agreement of annual service arrangements and plans.

Result for the year
The surplus for the financial year amounted to €1,321,987 (2013: deficit €485,654).

DIRECTORS' REPORT - continued

What we do and who we serve
In 2014, the organisation operated in over 20 locations nationwide and employed over 680 individuals (whole time equivalent number of circa 440). During 2014, Cheshire Ireland provided a combination of supported accommodation places, 'own home' social support services together with respite breaks in a number of locations around the country to over 295 individuals

In excess of 88% of Cheshire Ireland's core funding comes from the HSE. The remaining funding is generated through a combination of other state funding, donations, service user contributions and ward of court applications.

How we aspire to do our work
We are committed to developing our staff, facilities and management processes to ensure we have the capability, knowledge and skills required to deliver cost effective, quality services in ways that respect every person's rights, personal choice and individuality.

Cheshire Ireland is committed to delivering person-centred, individualised services to its client group. This will be implemented through the design of services with each person who may be newly referred to us and in time with people living in our accommodation centres who wish to move to other living environments. In designing a service with an individual it is essential that we work with his/her circle of support, including key family members and friends, with advocates, with the HSE and other community and/or voluntary groups where necessary. As part of this service design process, we have learned that very few people with disabilities now choose to get their supports in large shared-living environments, but prefer either to continue living with their families, in their own homes or in adapted houses close to family and their community. Those who would prefer to share, indicate that their preference is to share with one or two people of similar ages with similar interests, rather than a larger group, many of whom could have little in common.

Board members
Eoin O'Morain was appointed as Chairman of the Board on 3 November 2014 with Michael O'Mahony being appointed as Vice Chairman having held the position of chairman since 2009.

The Board appoint Chris Pidgeon to the Board on 11 May 2015.

A number of retirements from the Board took place during the period reported upon including:

Dr. Mark Delargy	(retired 11 May 2015)
Owen Collumb	(retired 10 November 2014)
Mary Finan	(retired 10 November 2014)

The Chairman would like to thank all members and former members of the Board for their ongoing commitment to Cheshire Ireland.

Principal risks and uncertainties and future developments
Cheshire Ireland has been faced with significant challenges in recent years, largely due to the reduction in funding from HSE and increasing competition from private care providers in the market. As a result, it has experienced sizable deficits over the past five years, a position that is not sustainable going forward.

In addition, Cheshire Ireland is faced with the requirement to make a major transition in its operating model in order to meet HSE policy, as set out in "Time to Move on From Congregated Settings", which envisages a move away from residential based care to the provision of support to people with disabilities in a community based setting.

To address the matters above, Cheshire Ireland's management have developed a comprehensive strategy and business plan for the years 2014-2019 which has the following core objectives:

- Restore Cheshire Ireland to being a financially stable organisation;
- Remodel Cheshire Ireland's activities over time to a new operating model focused substantially on provision of care in a community setting; and
- Enable Cheshire Ireland to compete in the market with private sector companies, particularly for new business opportunities.

DIRECTORS' REPORT - continued

Principal risks and uncertainties and future developments - continued

As noted above, Cheshire Ireland is heavily dependent on the HSE for its core funding, currently in excess of 88% of annual income. In common with similar organisations, this funding is negotiated and agreed on an annual basis with the HSE. The HSE has not given any indication that it will withdraw or reduce its financial support from Cheshire Ireland in the foreseeable future.

Transactions involving directors

There are no contracts or arrangements of any significance in relation to the business of the company in which the directors had any interest, as defined in the Companies Act 1990, at any time during the year ended 31 December 2014.

Political donations

There were no political donations in the year requiring disclosure.

Subsequent events

In March 2015, the company disposed of Emmanuel House, Ballina, Co Mayo. The company had ceased providing a service from this property in 2011.

Regulation of Cheshire residential services

Since 2013 most of Cheshire Ireland's residential services are now deemed as designated centres under the Health Act 2007 (Registration of Designated Centres for Children and Adults) with Disabilities Regulations 2013. As a consequence these designated centres must work and take actions to become registered with HIQA and to become compliant with the regulations and the national standards for residential services for children and adults with disabilities 2013. The work towards registration and becoming compliant with the regulations and standards is in process and Cheshire Ireland will continue to strive to improve the quality of all services it provides.

Auditors

The auditors, PricewaterhouseCoopers, were re-appointed during the year and will continue as auditors in accordance with section 160 of the Companies Act, 1963.

Directors

Jerome Kennedy

Eoin O'Morain

26 June 2015

Independent auditors' report to the members of The Cheshire Foundation in Ireland

Report on the financial statements

Our opinion

In our opinion, The Cheshire Foundation in Ireland's financial statements (the "financial statements"):

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2014 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 December 2014;
- the income and expenditure account for the year then ended;
- the cash flow statement for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Companies Act 2014

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

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie

Chartered Accountants

Independent auditors' report to the members of The Cheshire Foundation in Ireland - continued

Matter on which we are required to report by exception

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Independent auditors' report to the members of The Cheshire Foundation in Ireland - continued

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Paul Hennessy
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

29 June 2015

ACCOUNTING POLICIES

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

Basis of preparation
The entity financial statements have been prepared on the going concern basis and in accordance with Generally Accepted Accounting Practice in Ireland (applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014).

The entity financial statements have been prepared under the historical cost convention.

Donations, bequests and gifts
Donations, bequests and gifts used for specific revenue purposes are shown as income in the relevant accounting period in which the related expenditure is incurred.

Donations, bequests and gifts received for prescribed purposes are applied as prescribed unless the Company is not in a position to do so. In such circumstances they are applied for the overall charitable objectives of the Company as determined by the directors.

Capital donations, bequests and gifts are credited to the Capital Funding Reserve and amortised/released to the Income and Expenditure Account on the same basis as the related asset is depreciated.

General donations, bequests and gifts are credited to the Fundraised, bequests and donations reserve.

Fixed assets and depreciation
Purchased fixed assets are recorded at cost. Fixed assets received by way of gift are capitalised at a reasonable estimate of their value to the company.

Land and buildings are stated at cost less accumulated depreciation. Land is not depreciated. Depreciation on other tangible assets is provided at rates calculated to write off the cost of the assets over their estimated useful lives. The rates and methods of depreciation are as follows:

Buildings	2% straight line
Fixtures, fittings, furniture and equipment	12½% straight line
Motor vehicles	20% straight line
Computer equipment	33⅓% straight line

Grants
Grants received to fund capital expenditure, including capital assistance schemes are credited to the Capital Grants Reserve and amortised to the income and expenditure account over the estimated useful lives of the related fixed assets. Grants and assistance to fund non-capital expenditure are credited to income and expenditure in the period in which the related expenditure is incurred. Grants and assistance due but not received at year end are included as “Grants receivable” in the balance sheet. Grants and assistance received which relate to the funding of expenditure not incurred at year end are deferred and included under “Grants received in advance” in the balance sheet.

Pension costs
A defined contribution pension scheme is operated in respect of eligible staff. Contributions are charged annually to the income and expenditure account at the level determined by the independent fund administrators.

Leases
Operating lease costs are charged to the income and expenditure account as incurred.

INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2014

	Notes	2014 €	2013 €
Income	2	27,680,548	27,906,445
Operating expenditure			
Salaries and wages	3	(22,223,639)	(23,054,927)
Other operating expenses		(5,204,239)	(4,864,998)
Interest payable and similar charges		(32,828)	(30,771)
Operating surplus/(deficit) before exceptional items	4	219,842	(44,251)
Exceptional item - redundancy costs	5	(95,353)	(261,417)
Exceptional item - profit/(loss) on disposal of fixed assets	5	1,199,420	(89,017)
Operating surplus/(deficit) after exceptional items and before depreciation and amortisation		1,323,909	(394,685)
Depreciation	6	(870,654)	(959,045)
Amortisation of fixed asset grants	14	606,506	606,503
Amortisation of capital funding reserves	13	262,226	261,573
Surplus/(deficit) for year		1,321,987	(485,654)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 December 2014

	Notes	2014 €	2013 €
Surplus/(deficit) for the year		1,321,987	(485,654)
Net movement on fundraising, bequests and donations reserve	15	35,986	(38,492)
Total recognised gains and losses for the year		1,357,973	(524,146)

The income and deficit for the year arise solely from continuing activities.

On behalf of the board

Jerome Kennedy

Eoin O'Morain

BALANCE SHEET
As at 31 December 2014

	Notes	2014 €	2013 €
Fixed assets			
Tangible assets	6	29,698,033	32,755,618
Financial assets	7	3	3
		29,698,036	32,755,621
Current assets			
Debtors and prepayments	8	1,011,637	966,941
Cash at bank and in hand		7,372,721	3,449,089
		8,384,358	4,416,030
Creditors (amounts falling due within one year)	9	(3,127,252)	(2,763,383)
Net current assets		5,257,106	1,652,647
Total assets less current liabilities		34,955,142	34,408,268
Creditors (amounts falling due after more than one year)	10	(392,187)	(404,155)
		34,562,955	34,004,113
Represented by			
Revenue reserves	11	500,612	167,984
Special reserve	12	526,540	727,361
Capital funding reserve	13	5,590,235	6,747,234
Capital grants reserve	14	24,071,373	25,860,184
Fundraising, bequests and donations reserve	15	533,937	501,350
Community transition reserve	16	3,340,258	-
		34,562,955	34,004,113

On behalf of the board

Jerome Kennedy

Eoin O'Morain

CASH FLOW STATEMENT
Year Ended 31 December 2014

	Notes	2014 €	2013 €
Cash inflow/(outflow) from operating activities	17	377,737	(3,276,617)
Interest received	18	9,987	8,740
Proceeds from sale of fixed assets	18	3,389,756	654,853
Capital expenditure	18	(3,405)	(79,374)
Capital grants received	18	91,035	-
Fundraising, bequests and donated income received during the year	15	199,803	332,865
Increase/(decrease) in cash		4,064,913	(2,359,533)

RECONCILIATION OF NET CASH INFLOW/(OUTFLOW) TO MOVEMENT IN NET FUNDS
Year Ended 31 December 2014

	Note	2014 €	2013 €
Increase/(decrease) in cash in the year		4,064,913	(2,359,533)
Net funds at 1 January		2,179,363	4,538,896
Net funds at 31 December	19	6,244,276	2,179,363

NOTES TO THE FINANCIAL STATEMENTS

1 Going concern

The income and expenditure statement for the year ended 31 December 2014 shows a surplus of €1,321,987 compared to a deficit of €485,654 for 31 December 2013.

In the course of 2014, following a process with The Labour Relations Commission, Cheshire Ireland agreed a number of significant payroll reducing measures with the Trade Unions that represent its employees. In addition to these payroll reducing measures, Cheshire Ireland also negotiated a funding position for 2014 with the HSE. The HSE agreed to maintain its funding to Cheshire Ireland in 2014 at its 2013 levels, subject to certain conditions. Based on correspondence received from HSE regarding funding in 2015, Cheshire Ireland does not anticipate a reduction in funding in 2015. These measures along with other material savings in non-pay costs should ensure that Cheshire Ireland can continue to operate within its income for 2015.

The net funds at 31 December 2014 include the proceeds from the sale of Richmond Cheshire House. In addition, Cheshire Ireland disposed of Emmanuel House in Ballina, Co Mayo for €285,000 in March 2015 (note 25).

After consideration of the factors above, the directors are satisfied that the company has adequate resources to continue in operation for the foreseeable future, that is not less than twelve months from the date of approval of these financial statements and accordingly it is appropriate to adopt the going concern basis for the preparation of the financial statements

2 Income

	2014 €	2013 €
Health Service Executive (HSE) funding	24,591,508	24,766,790
FAS income	789,402	750,801
Receipts from service users	1,024,774	1,074,567
Deposit interest and other investment income	9,987	8,740
EU and other public funds	398,502	463,656
Sundry income	219,691	199,906
Ward of court	264,884	263,674
Fundraising, bequests and donations	163,816	366,857
St. Mary's Project	196,550	-
Transfer from capital grants	21,434	11,454
	27,680,548	27,906,445

3 Salaries and wages

	2014 €	2013 €
Salaries and wages	19,485,872	20,089,769
Social insurance costs	2,049,346	2,061,437
Employer pension contributions	688,421	903,721
	22,223,639	23,054,927

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Salaries and wages - continued

	2014 Number	2013 Number
Average number of employees (whole time equivalents)	440	505

The staff were employed in the following categories:

The Senior Management Team of Cheshire Ireland was paid based on Department of Health and Children/Civil Service consolidated pay scales that were introduced on 1 January 2010.

From 1 July 2014, the Senior Management Team salaries were aligned to those applicable under the Haddington Road Agreement. The following tables sets out the salary range for those paid in excess of €65,000 in 2014 along with employer pension contributions and other benefits.

Number of staff	Salary Range	Employer's pension contribution	Other benefits (company vehicle)
	€	€	€
2	65,000 - 70,000	3,847	-
1	70,001 - 75,000	978	-
4	75,001 - 80,000	18,259	-
1	80,001 - 85,000	4,758	-
1	110,000 - 115,001	15,469	8,270

4 Operating surplus/(deficit) for the year

	2014 €	2013 €
Operating surplus/(deficit) for the year is stated after charging:		
Directors' remuneration	Nil	Nil
Auditors’ remuneration		
Remuneration for the statutory audit and other services carried out by the company’s auditors is as follows:		
- Audit of individual financial statements	58,162	60,885

Auditors' remuneration

	2014 €	2013 €
Audit of entity financial statements	58,162	60,885
Other assurance services	-	-
Tax advisory services	-	-
Other non audit services	-	-
	58,162	60,885

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Exceptional items

The Company's accounting policy defines exceptional items as those items of income and expenditure that the Company considers to be material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Company's financial performance.

Redundancy costs
The Company incurred redundancy costs of €95,353 (2013: €261,417) recorded in the year to 31 December 2014.

Profit/(loss) on disposal of fixed assets
The Company disposed of Barrett Cheshire House, Herbert Street, Dublin 2 in January 2013, resulting in a loss on disposal of €89,017.

In 2014, the Company disposed of Richmond Cheshire House, resulting in a net surplus of €1,190,174.

The net surplus on the sale of Richmond Cheshire House and the release of the related Capital Funding Reserves and Capital Grants Reserves have been transferred to the Community Transition Reserve (note 16).

Under the terms and conditions of the sale of Richmond Cheshire House, an additional €300,000 may be generated if vacant possession is granted by 31 December 2016. The contingent gain is not reflected in these financial statements.

The Company also disposed of a number of vehicles that had been fully depreciated and this generated a surplus on disposal of €9,245.

6 Tangible assets

	Land and buildings	Fixtures, fittings, furniture and equipment	Motor vehicles	Computer equipment	Total
	€	€	€	€	€
Cost or valuation					
At 31 December 2013	33,740,518	8,013,338	1,895,007	652,782	44,301,645
Additions	-	3,405	-	-	3,405
Disposals	(2,364,710)	(601,553)	(33,000)	-	(2,999,263)
At 31 December 2014	31,375,808	7,415,190	1,862,007	652,782	41,305,787
Depreciation					
At 31 December 2013	2,410,175	6,658,491	1,836,559	640,802	11,546,027
Charge for year	537,786	304,609	24,580	3,679	870,654
Disposals	(198,691)	(577,236)	(33,000)	-	(808,927)
At 31 December 2014	2,749,270	6,385,864	1,828,139	644,481	11,607,754
Net book amounts					
At 31 December 2014	28,626,538	1,029,326	33,868	8,301	29,698,033
At 31 December 2013	31,330,343	1,354,847	58,448	11,980	32,755,618

As set out in the accounting policies on page 7 the Company policy is to value land and buildings at historical cost less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Financial assets

The Company owns 2 shares of €1.50 each in Coollattin Properties Limited, being the entire issued share capital of that company incorporated in Ireland on 12 March 1992 and which was received as a charitable donation. Coollattin Properties Limited was donated to Cheshire Ireland and in the year ended 31 December 2014 recorded a deficit of €1,895 (2013: €17,557) and at 31 December 2014 had net liabilities of €92,338 (2013: (€90,443)).

The financial statements of Coollattin Properties Limited have not been consolidated in view of the Company's objective of realising the value of the investments at the earliest possible date, also the activities of Coollattin Properties are different to the undertakings of Cheshire Ireland. On this basis the investment of €3 has been recorded as a financial asset in the Financial Statements at 31 December 2014.

At 31 December 2014, Cheshire Ireland had a balance due from Coollattin Properties Limited of €120,059. However, a provision of €90,000 was provided as a bad debt in the Income and Expenditure account in the financial statements for 31 December 2013. The directors believe that this is an adequate provision.

8 Debtors and prepayments

	2014 €	2013 €
Amounts due from Health Service Executive	489,755	457,312
Prepaid expenses and other debtors	459,689	472,422
Amounts due from service users	62,193	37,207
	1,011,637	966,941

9 Creditors (amounts falling due within one year)

	2014 €	2013 €
Bank loans and overdrafts	736,258	865,571
Trade creditors	317,526	476,476
Health Service Executive - deferred income	642,945	371,589
Taxation and social insurance costs	611,601	413,011
Accruals	818,922	636,736
	3,127,252	2,763,383

Certain suppliers have reserved title to goods supplied. Since the extent to which these creditors are effectively secured at any time depends on a number of conditions, the validity of some of which is not readily determinable, it is not possible to indicate how much of the above amount was effectively secured by reservation of title.

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Creditors (amounts falling due after more than one year)

	2014 €	2013 €
Bank loan	392,187	404,155
Maturity of debt		
In one year or less, or on demand	31,572	31,572
In more than one year, but not more than two years	63,144	63,144
In more than two years, but not more than five years	157,860	157,860
In more than five years	139,611	151,579
	392,187	404,155

Ulster Bank has a registered charge on three properties as security to the above loan.

The company's total banks loans at 31 December 2014 were €423,759 (2013: €435,727), representing borrowings drawn down under the company's term loan. The loan is subject to interest at a rate of 3.5% plus bank cost of funds (2013: 3.5%). The loan is due for repayment in quarterly instalments over the next 23 years.

11 Revenue reserves

	2014 €	2013 €
Balance at 1 January	167,984	40,000
Transfer from special reserve	200,821	
Release of capital funding reserve on sale of Richmond Cheshire House (note 13)	898,172	-
Release of capital grants on sale of Richmond Cheshire House (note 14)	1,251,906	-
Release of capital grants on sale of Barrett Cheshire House (note 14)	-	613,638
Surplus/(deficit) for the year	1,321,987	(485,654)
Transfer to community transition reserve (note 16)	(3,340,258)	-
Balance at 31 December	500,612	167,984

12 Special reserve

	2014 €	2013 €
Balance at 1 January	727,361	735,575
Transfer to capital funding reserve (note 13)	-	(8,214)
Transfer to revenue reserve	(200,821)	-
Balance at 31 December	526,540	727,361

(a) The High Court decided on 28 November 2011 that certain funds held by Cheshire Ireland (amounting to €2,791,114) which had restrictions as to their application, could forthwith be applied by Cheshire Ireland without restriction in the furtherance of its general charitable purposes. These funds have been transferred into a Special Reserve account and all proposals in relation to the application of these funds shall require Board approval.

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Capital funding reserve

	2014 €	2013 €
Balance at 1 January	6,747,234	6,952,962
Transfer from capital grant reserve (note 14)	-	31,517
Amortisation of capital funding reserve	(262,226)	(261,573)
Transfer from special reserve (note 12) for capital developments	-	8,214
Fundraising, bequests, and donations received (note 15)	3,399	16,114
Transfer of capital funding reserve to revenue reserve on sale of Richmond Cheshire House (note 11)	(898,172)	-
Balance at 31 December	5,590,235	6,747,234

14 Capital grants reserve

	2014 €	2013 €
Balance at 1 January	25,860,184	27,123,293
Release of capital grant to revenue reserve on sale of Richmond Cheshire House (note 11)	(1,251,906)	-
Add: Capital grants received and receivable	91,035	-
Less: Released to revenue reserves (note 17)	(21,434)	(11,451)
Release of capital grant to revenue reserves on sale of Barrett Cheshire House (note 11)	-	(613,638)
Reclassification to Capital funding reserve (note 13)	-	(31,517)
Amortisation to income and expenditure account	(606,506)	(606,503)
Balance at 31 December	24,071,373	25,860,184

Deeds of charge have been registered by several Health Services Executive Boards and Local Authorities in respect of grants advanced to a number of the Cheshire centres. Grants may become repayable in the event that the conditions contained in the grant agreements are not adhered to.

15 Fundraising, bequests and donations reserve

	2014 €	2013 €
Balance at 1 January	501,350	555,956
Transfer to deferred income	-	(4,500)
Fundraising, bequests and donations received during the year	199,803	332,865
Amounts transferred to income and expenditure (a)	(163,817)	(366,857)
Transfers to capital funding reserve (note 13)	(3,399)	(16,114)
Balance at 31 December	533,937	501,350

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Fundraising, bequests and donations reserve - continued

	2014	2013
	€	€
Amount recognised in statement of total recognised gains and losses during the year:		
Transfer to deferred income	-	(4,500)
Fundraising, bequests and donations received during the year	199,803	332,865
Transfer to meet specific expenditure financed by fundraised/donated income reserve	(163,817)	(366,857)
Net amount recognised for the year	35,986	(38,492)

(a) Board approved allocation to meet specific expenditure.

16 Community transition reserve

	2014	2013
	€	€
Balance at 1 January	-	-
Transfer from revenue reserve (note 11)	3,340,258	-
Balance at 31 December	3,340,258	-

The net surplus on the sale of Richmond Cheshire House and the release of the related capital funding reserves and capital grant reserves have been transferred to the Community Transition Reserve.

The Community Transition Reserve has been established to set aside funds to finance the very significant costs of transitioning from congregated to community based settings, in accordance with Board and HSE Policy, "Time to move on from congregated settings". The funding of this reserve may include surpluses realised on the disposal of Congregated properties and transfers from other reserves as the Board may deem appropriate to meet its policy objective.

All proposals related to the application of these funds shall require Board approval.

17 Reconciliation of operating surplus/(deficit) to operating cash flow

	2014	2013
	€	€
Surplus/(deficit) for the year	1,321,987	(485,654)
Transfer to deferred income (note 15)	-	(4,500)
Fundraising, bequests and donations transferred to Income and Expenditure (note 15)	(163,817)	(366,857)
Interest received	(9,987)	(8,740)
Depreciation	870,654	959,045
Amortisation	(868,732)	(868,076)
Capital grant released to income (note 14)	(21,434)	(11,451)
(Profit)/loss on disposal of fixed assets	(1,199,420)	89,017
(Increase)/decrease in debtors and prepayments	(44,696)	679,573
Increase/(decrease) in creditors	493,182	(3,258,974)
Net cash (outflow)/inflow from operating activities	377,737	(3,276,617)

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Analysis of cash flows for headings netted in the cash flow statement

	2014 €	2013 €
Returns on investment and servicing of finance		
Interest received	9,987	8,740
Disposal of fixed assets and use of capital grants and fundraised income		
Disposal of tangible fixed assets	3,389,756	654,853
Capital grants received not yet allocated (note 14)	91,035	-
Capital expenditure		
Purchase of tangible fixed assets	(3,405)	(23,529)
Purchase of tangible fixed assets from capital grants received (note 13 and note 14)	-	(31,517)
Purchase of tangible fixed assets from fundraised/donated income (note 13 and note 15)	-	(16,114)
Purchase form tangible fixed assets allocated from Special Reserve (note 12)	-	(8,214)
	(3,405)	(79,374)
Net cash inflow for capital expenditure and capital grants	3,477,386	575,479

19 Analysis of net funds

	At 31 December 2013 €	Cash flow €	At 31 December 2014 €
Cash at hand and in bank	3,449,089	3,923,632	7,372,721
Bank loans and overdrafts	(1,269,726)	141,281	(1,128,445)
	2,179,363	4,064,913	6,244,276

20 Taxation

No tax liability arises because of the charitable status of the company.

21 Legal status of the company

(i) In accordance with Section 24 of the Companies Act, 1963, the company is exempt from including the word "Limited" in its name. The company is limited by guarantee (€1.27 per member) and has no share capital.

(ii) The company, as a charity, is exempt from the reporting and disclosure requirements of the Companies (Amendment) Act, 1986.

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Pension commitments

A defined contribution pension scheme is operated in respect of eligible employees. The assets of the scheme are held separately from those of the Foundation in independently administered funds.

23 Branches

During 2014 the Foundation carried out its activities principally through the following:

Central Office, Dublin 18
Ardeen Cheshire Home, Shillelagh, Co. Wicklow
Abbey View Residences, Co. Sligo
Blackrock Cheshire, Cross Avenue, Co. Dublin
Cara Cheshire House, Phoenix Park, Dublin 20
Cheshire Community Living – South, at locations in:
- South Dublin City and County
- Co. Wicklow

Cheshire Community Living – North, at locations in:
- North Dublin City and County
- Dundalk, Co. Louth
- Navan, Co. Meath (service provision ceased in Navan in July 2012, however Cheshire still retains ownership of properties in Navan)

Cork Supported Accommodation Service, Cork City and County
Donegal Cheshire Apartments, Letterkenny, Co. Donegal
Eaglewood Cheshire, Dun Laoghaire, Co. Dublin
Ballina Cheshire Home, Ballina, Co. Mayo (formerly known as Emmanuel Cheshire Home)
Galway Cheshire House, Curragrean, Galway
Greystones Cheshire, Greystones, Co. Wicklow
Kerry Cheshire, Killarney, Co. Kerry
Newbridge Respite Centre, Newbridge, Co. Kildare
O'Dwyer Cheshire Home, Bohola, Co. Mayo
Rathfredagh Cheshire Home, Newcastlewest, Co. Limerick
Richmond Cheshire House, Monkstown, Co. Dublin
St. Laurence Cheshire Home, Cork
St. Patrick's Cheshire Home, Tullow, Co. Carlow
Waterford Cheshire, St. John's Hill, Waterford

24 Comparative amounts

Some prior year comparative amounts have been reclassified on a basis consistent with the current year.

25 Post balance sheet event

The company disposed of Emmanuel Cheshire Home, Ballina, Co Mayo in March 2015 for €285,000.

26 Approval of the financial statements

The financial statements were approved by the directors on 26 June 2015.

INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2014

	2014 €	2013 €
Income	27,680,548	27,906,445
Operating expenses	(27,460,706)	(27,950,696)
Operating surplus/(deficit) before exceptional items	219,842	(44,251)
Exceptional item - profit/(loss) on disposal of fixed assets	1,199,420	(89,017)
Exceptional item – redundancy costs	(95,353)	(261,417)
Operating surplus/(deficit) for the year after exceptional items and before depreciation and amortisation	1,323,909	(394,685)
Depreciation	(870,654)	(959,045)
Amortisation of fixed asset grants	606,506	606,503
Amortisation of capital funding reserve	262,226	261,573
Surplus/(deficit) for the year	1,321,987	(485,654)