

Western Care Association
(A company limited by guarantee, without a share capital)

Directors' Report and Financial Statements

for the year ended 31 December 2017

Western Care Association
(A company limited by guarantee, without a share capital)
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Western Care Association

(A company limited by guarantee, without a share capital)

DIRECTORS AND OTHER INFORMATION

Directors	Helen McHugh Edmund Rose Anthony McCormack Annette Dillon Philip McKiernan Marie Munnelly Patrick Geraghty Patrick Higgins (Resigned 7 March 2018) Joseph Gibbons (Resigned 22 November 2017) Kieran McGloin Frances Burke Patrick O'Brien (Appointed 29 May 2017)
Company Secretary	Philip McKiernan
Company Number	28067
Charity Number	CHY 5578
Registered Office and Business Address	John Moore Road Castlebar Co. Mayo
Auditors	Mazars Chartered Accountants & Statutory Audit Firm Mazars Place Salthill Galway
Bankers	Bank of Ireland Ellison Street Castlebar Co. Mayo
Solicitors	P. O'Connor & Sons Solicitors The Old House Market Street Co. Mayo
	Patrick J Durkan & Co Solicitors James Street Westport Co. Mayo

Western Care Association

(A company limited by guarantee, without a share capital)

DIRECTORS' REPORT

for the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Principal Activity and Review of the Business

The principal activity of the Association continued to be that of a charitable non-profit making body whose aim is to provide services to people with an intellectual disability and/or autism in Mayo. In providing this service we recognise the financial and other assistance of the Health Service Executive (H.S.E.), government agencies and the general public. The company is a public benefit entity.

The Association is a company limited by guarantee not having a share capital.

Review of Services

In 2017 Western Care Association provided a range of activities including the provision of a wide range of residential and supported living services to adults and a small number of children.

Respite services were provided in both centre based and innovative ways, in centres, home and through social clubs.

HIQA registration was achieved for all residential services and the process of re-registration of services has commenced.

Western Care Association in collaboration with the H.S.E. supported the transition of a number of adults from Aras Attracta into community based services.

The Association provided a wide range of day service supports to adults and developed additional services in response to the requirements of school leaves. Collaboration with G.M.I.T in relation to the development of a learning initiative for adults as an alternative to traditional day services commenced in 2017 and promises to be an exciting prospect for the future. During the year a number of adults were supported to partake in social farming activities.

Individualised support was provided in various settings to both children and adults by Autism Resource Workers, Home Support Workers, Personal Assistants and Family Support Workers.

2017 was a difficult year financially with a deficit recorded. This was due to a number of factors including increased costs of service provision for an aging population in residential services, response to emergency situations and increased costs in areas of insurance, transport, repairs and maintenance in addition to additional costs incurred to meet regulatory and compliance standards.

The directors are implementing a cost containment plan for 2018 and hope to return to a breakeven position.

There has been no significant change in these activities during the year ended 31 December 2017.

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DIRECTORS' REPORT

for the year ended 31 December 2017

Principal Risks and Uncertainties

The Association acknowledges that their continuing existence depends on the financial support of the Health Service Executive and other government agencies and also the goodwill and generosity of the volunteers to the organisation and the people of Mayo. Its operation as a going concern depends on that support continuing into the future.

The company's operations expose it to a variety of financial risks that include liquidity risk and key funder risk.

Financial risk management

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations. The company also manages liquidity risk via revolving credit facilities.

Key funder risk is the risk that the entity will lose the support of its principal funder. The company pro-actively manages its relationship with its key funder to ensure that it is protected.

Reputational Risk

Western Care Association continues to enjoy the support of the local community and its reputation in the community is valued by the Association. The main risk to its reputation is in a failure of governance in the use of public monies or the delivery of a service that fails to ensure the safeguarding of vulnerable people.

The Association seeks to enhance its governance, to be transparent in its actions and to be open to the involvement of families, the community and the relevant regulatory bodies to ensure and promote best practice in all areas.

Other Non-Financial Risks

Western Care Association established a Quality and Safety Committee to oversee the development and implementation of a risk register that considers risks in the areas of Governance, Staffing, Compliance with Regulations and Standards, Finance, Injury, Service User Experience, Transport, Housing and Data Protection. This committee meets regularly to review the risk register, the actions being implemented to reduce the risks and the effectiveness of those actions.

Financial Results

The deficit for the year after providing for depreciation amounted to €(788,858) (2016 - €(199,258)).

At the end of the year, the company has assets of €16,200,724 (2016 - €12,857,305) and liabilities of €12,285,872 (2016 - €11,962,104). The net assets of the company have increased by €3,019,651.

Directors and Secretary

The directors who served throughout the year, except as noted, were as follows:

Helen McHugh
Edmund Rose
Anthony McCormack
Annette Dillon
Philip McKiernan
Marie Munnelly
Patrick Geraghty
Patrick Higgins (Resigned 7 March 2018)
Joseph Gibbons (Resigned 22 November 2017)
Kieran McGloin
Frances Burke
Patrick O'Brien (Appointed 29 May 2017)

The secretary who served throughout the year was Philip McKiernan.

There were no changes in shareholdings between 31 December 2017 and the date of signing the financial statements.

Future Developments

The company plans to continue its present level of charitable activities.

Post Statement of Financial Position Events

There have been no significant events affecting the company since the year-end.

Western Care Association

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DIRECTORS' REPORT

for the year ended 31 December 2017

Political Contributions

The Association did not make any political donations during the current year.

Auditors

O'Mara Loftus & Co Limited resigned as auditors during the year and the directors appointed Mazars, (Chartered Accountants & Statutory Audit Firm), to fill the vacancy. In accordance with section 383(2) of Companies Act, Mazars will continue in office.

Statement on Relevant Audit Information

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of Companies Act 2014:

- (a) so far as each 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 the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Compliance Statement

The directors are responsible for securing the company's compliance with its relevant obligations (compliance with both company and tax law) and with respect to each of the following three items, we confirm that it has been done. We confirm:

- the existence of a compliance policy statement;
- appropriate arrangements or structures put in place to secure material compliance with the company's relevant obligations;
- a review of such arrangements and structures has taken place during the year

Accounting Records

To ensure that adequate accounting records are kept in accordance with sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at John Moore Road, Castlebar, Co. Mayo.

Signed on behalf of the board



Anthony McCormack
Director

Date: 14 May 2018



Kieran McGloin
Director

Date: 14 May 2018

Western Care Association

(A company limited by guarantee, without a share capital)

DIRECTORS' RESPONSIBILITIES STATEMENT

for the year ended 31 December 2017

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

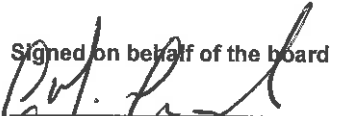
Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the surplus or deficit of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these 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 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 surplus or deficit of the company to be determined with reasonable accuracy and 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.

Signed on behalf of the board



Anthony McCormack
Director

Date: 14 May 2018



Kieran McGloin
Director

Date: 14 May 2018

INDEPENDENT AUDITOR'S REPORT **to the Members of Western Care Association** (A company limited by guarantee, without a share capital)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Western Care Association ('the company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2017 and of its deficit for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

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 further described 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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

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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. 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.

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 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.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with 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.

INDEPENDENT AUDITOR'S REPORT **to the Members of Western Care Association** **(A company limited by guarantee, without a share capital)**

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 any material misstatements in the Directors' Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

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 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 the going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation, or has 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 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's website at: www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. The description forms part of our Auditor's Report.

The purpose of our audit work and to whom we owe our responsibilities

Our 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 any 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.



Austin Sammon

for and on behalf of

MAZARS

Chartered Accountants & Statutory Audit Firm

Mazars Place

Salthill

Galway

14 May 2018

Western Care Association
 (A company limited by guarantee, without a share capital)
INCOME STATEMENT
 for the year ended 31 December 2017

	Notes	2017 €	2016 € as restated
Income	5	34,986,073	33,639,482
Expenditure		(35,774,931)	(33,838,740)
Deficit for the year	17	(788,858)	(199,258)

The company's income and expenses all relate to continuing operations.

Approved by the board on 14 May 2018 and signed on its behalf by:


 Anthony McCormack
 Director


 Kieran McGloin
 Director

Western Care Association

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STATEMENT OF COMPREHENSIVE INCOME


for the year ended 31 December 2017


	Notes	2017 €	2016 € as restated
Deficit after taxation		(788,858)	(199,258)
Revaluation reserve unrealised movement on revaluation of property		3,648,073	-
Actuarial (loss)/gain on the defined benefit pension scheme	14	197,000	(374,000)
Total comprehensive income relating to the year		<u>3,056,215</u>	<u>(573,258)</u>
Prior year adjustment	8	-	2,930,489
Total comprehensive income since last annual report		<u>3,056,215</u>	<u>2,357,231</u>

Western Care Association
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STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Notes	2017 €	2016 € as restated
Non-Current Assets			
Property, plant and equipment	9	14,187,047	10,739,024
Current Assets			
Debtors	10	1,883,556	2,016,937
Cash and cash equivalents		130,121	101,344
		2,013,677	2,118,281
Creditors: Amounts falling due within one year	11	(6,249,216)	(5,308,402)
Net Current Liabilities		(4,235,539)	(3,190,121)
Total Assets less Current Liabilities		9,951,508	7,548,903
Defined benefit pension liability	14	(1,803,000)	(2,220,000)
Creditors: Amounts falling due after more than one year	15	(4,233,656)	(4,433,702)
Net Assets		3,914,852	895,201
Reserves			
Revaluation reserve	17	6,039,522	2,391,449
Capital grants	17	421,723	458,287
Income statement	17	(2,546,393)	(1,954,535)
Total Reserves		3,914,852	895,201

Approved by the board on 14 May 2018 and signed on its behalf by:


Anthony McCormack
Director


Kieran McGlin
Director

Western Care Association

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STATEMENT OF CHANGES IN EQUITY

as at 31 December 2017

	Retained deficit	Revaluation reserve	Capital grants	Total
	€	€	€	€
At 1 January 2016				
as previously stated	(4,311,766)	2,391,449	458,287	(1,462,030)
Prior year error correction (Note 8)	2,930,489	-	-	2,930,489
At 1 January 2016	<u>(1,381,277)</u>	<u>2,391,449</u>	<u>458,287</u>	<u>1,468,459</u>
Deficit for the year	(199,258)	-	-	(199,258)
Other gains and losses	(374,000)	-	-	(374,000)
Total comprehensive income	<u>(573,258)</u>	<u>-</u>	<u>-</u>	<u>(573,258)</u>
At 31 December 2016	<u>(1,954,535)</u>	<u>2,391,449</u>	<u>458,287</u>	<u>895,201</u>
Deficit for the year	(788,858)	-	-	(788,858)
Other gains and losses	197,000	3,648,073	(36,564)	3,808,509
Total comprehensive income	<u>(591,858)</u>	<u>3,648,073</u>	<u>(36,564)</u>	<u>3,914,852</u>
At 31 December 2017	<u>(2,546,393)</u>	<u>6,039,522</u>	<u>421,723</u>	<u>3,914,852</u>

Western Care Association
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STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	Notes	2017 €	2016 € as restated
Cash flows from operating activities			
Deficit for the year		(788,858)	(199,258)
Adjustments for:			
Depreciation		494,395	466,768
Movement on pension reserve		197,000	(374,000)
Movement on defined benefit pension scheme		(417,000)	-
Amortisation of government grants		(291,611)	(299,018)
		<u>(806,074)</u>	<u>(405,508)</u>
Movements in working capital:			
Movement in provisions		-	165,000
Movement in debtors		110,236	1,040,755
Movement in creditors		248,612	(191,752)
		<u>(447,226)</u>	<u>608,495</u>
Cash (used in)/generated from operations		<u>(447,226)</u>	<u>608,495</u>
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(294,345)	(434,588)
Cash flows from financing activities			
Capital Contribution Received		55,001	20,000
Repayment of short term loan		-	(55,072)
Movement in funding to connected parties		23,145	(23,145)
		<u>78,146</u>	<u>(58,217)</u>
Net cash generated from/(used in) financing activities		<u>78,146</u>	<u>(58,217)</u>
Net (decrease)/increase in cash and cash equivalents		(663,425)	115,690
Cash and cash equivalents at beginning of financial year		(2,500,379)	(2,616,069)
Cash and cash equivalents at end of financial year	25	<u>(3,163,804)</u>	<u>(2,500,379)</u>

Western Care Association

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. GENERAL INFORMATION

Western Care Association is a company limited by guarantee incorporated in the Republic of Ireland. John Moore Road, Castlebar, Co. Mayo, is the registered office, which is also the principal place of business of the company. The principal activity of the company continued to be that of a charitable non-profit making body whose aim is to provide services to people with an intellectual disability and/or autism in Mayo. In providing this service we recognise the financial and other assistance of the Health Service Executive, government agencies and the general public.

The financial statements comprising the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Accounting Policies and the related notes constitute the individual financial statements of Western Care Association for the financial year ended 31 December 2017.

The financial statements have been presented in Euro (€) which is also the functional currency of the company and rounded to the nearest euro.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 31 December 2017 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Companies Act 2014 and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The 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 and promulgated by Chartered Accountants Ireland.

Income

Income is represented by funding from the Health Service Executive, contributions from service users, fund raising activities and the sale of goods.

All income is recognised in the financial statements for the year in which it relates with the exception of income from service users contributions, fund raising activities and donations which is recognised on a cash receipts basis. The recognition of certain types of income on a cash receipts basis is deemed to be appropriate given the uncertain nature of the receipt of the income.

Share Capital of the Company

The Association is a company limited by guarantee not having a share capital.

Concessionary Loans

Mortgages received from Mayo County Council for the purpose of purchasing properties for use by Western Care Association are repayable if more properties are disposed of or cease to be used for the intended purpose prior to the expiry of the term of the mortgage. The deemed repayments are amortised to the Income Statement over the period of the mortgage.

Western Care Association

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NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Land and Buildings	2%	Straight line
Leasehold Improvements	2%	Straight line
Fixtures, Fittings & Equipment	20%	Straight line
Motor vehicles	20%	Straight line

The carrying values of tangible fixed assets are reviewed annually for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and buildings are revalued on the basis of fair value determined from market-based evidence by appraisal undertaken by professional valuers. Revaluations are subsequently carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the financial year.

Revaluation gains, are recognised in other comprehensive income and accumulated in equity unless the gain reverses a previous revaluation loss on the same assets that was previously recognised in the Income Statement, in which case the gain is also recognised in the Income Statement.

Revaluation losses are recognised in other comprehensive income to the extent that they reverse previous gains recognised in equity in respect of the same asset. Revaluation losses in excess of previously accumulated gains in equity on individual assets are recognised in the Income Statement.

Leasing

Rentals payable under operating leases are dealt with in the Income Statement as incurred over the period of the rental agreement.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position bank overdrafts are shown within Creditors.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The company also operates a defined benefit pension scheme for its employees providing benefits based on final pensionable pay. The assets of this scheme are also held separately from those of the company, being invested with pension fund managers.

Taxation

The company has charitable status (CHY 5578) for tax purposes and therefore no corporation tax liability arises.

Western Care Association

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NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

Capital Grants

Capital grants received and receivable are treated as deferred income and amortised to the Income Statement annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Income Statement when received.

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Annual contributions payable to the company's pension scheme are charged to the Income Statement in the period to which they relate.

The pension costs in respect of a defined benefit scheme are charged to the Income Statement on a systematic basis, based on the actuary's calculations. Amounts charged are calculated using the following rates:

Current service costs	-	Discount rate at the start of the year
Interest cost	-	Discount rate at the start of the year
Expected return on assets	-	Expected rate of return at the start of the year

Past service costs are recognised in the Income Statement on a straight line basis over the period in which the increases in the benefits vest.

Differences between the amounts charged in the Income Statement and payments made to pension funds are treated as assets or liabilities.

Assets in the scheme are measured at their fair value at the Statement of Financial Position date. Defined benefit liabilities are measured on an actuarial basis using the projected unit method. The assets and liabilities of the scheme are subject to a full actuarial valuation by an external professionally qualified actuary triennially and are reviewed annually by the actuary and updated to reflect current conditions.

The excess/shortfall in the value of the assets in the scheme over/below the present value of the scheme liabilities is recognised as an asset/liability when the amounts can be recovered through reduced contributions or refunds from the scheme. Any potential deferred taxation is offset against the asset/liability.

Current service costs and net interest on scheme assets/liabilities are recognised in the Income Statement. Re-measurement of net defined benefit scheme assets and liabilities are recognised in the Statement of Comprehensive Income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Useful Lives of Tangible Fixed Assets

Tangible fixed assets comprise land and buildings, leasehold improvements, motor vehicles and fixtures, fittings & equipment. The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of tangible fixed assets subject to depreciation at the financial year end date was €14,187,047 (2016: €10,739,024).

The directors consider that apart from the accounting policies and the note disclosed above, there are no other accounting judgements, estimates and assumptions which are required to be disclosed.

Western Care Association

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

continued

4. GOING CONCERN

The Directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the Associations' ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Company was unable to continue as a going concern.

The directors are implementing a cost containment plan for 2018 and hope to return to a breakeven position.

5. INCOME

The income for the year has been derived from:

	2017	2016
	€	€
Health Services Executive - Allocation	32,421,428	31,606,606
Health Services Executive - Rehabilitative Training	531,133	613,801
Health Services Executive - Other	638,888	173,749
Health Services Executive - National Lottery	1,000	1,000
Western Care Trust	169,395	102,847
Sale of goods	12,224	22,543
Contribution from Service Users	511,202	532,779
Sundry Income	29,538	36,093
FAS Income	291,132	266,620
Fundraising Income & Donations	105,111	2,421
Other operating income	275,022	281,023
	<u>34,986,073</u>	<u>33,639,482</u>

The whole of the company's income is attributable to its market in the Republic of Ireland and is derived from the principal activity of providing services to people with an intellectual disability and/or autism in Mayo.

6. OPERATING DEFICIT

	2017	2016
	€	€
Operating deficit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	494,395	466,768
Operating lease rentals		
- Land and buildings	410,046	389,097
Auditor's remuneration		
- audit of individual company accounts	24,600	25,851
Capital Grants received	(9,289)	(10,005)
Amortisation of capital grants	(291,611)	(299,018)
	<u></u>	<u></u>

Western Care Association

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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7. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed (including executive directors) during the year was as follows:

	2017 Number	2016 Number
Employees	812	780

The staff costs comprise:

	2017 €	2016 €
Wages and salaries	26,643,313	25,546,650
Social welfare costs	2,761,323	2,705,450
Pension costs	1,302,357	1,287,219
	<u>30,706,993</u>	<u>29,539,319</u>

With respect to staff paid over €65,000 per annum, the following relates to Western Care Association:

		2017 Number	2016 Number
Salary Range	€65,000 - €74,999	7	7
Salary Range	€75,000 - €84,999	1	4
Salary Range	€85,000 - €94,999	3	2
Salary Range	€95,000 - €104,999	0	0
Salary Range (Executive Director)	€105,000 - €114,999	1	1

8. PRIOR YEAR ADJUSTMENT

On review of the financial statements in respect of the year ended 31 December 2016, the following prior year adjustments have been noted and made in the current year financial statements:

During the year ended 31 December 2016 the prepayments balance was overstated by €746,510 and the accruals balance was overstated by the same amount of €746,510 in relation to wages prepaid. The net impact of this adjustment is that both prepayments and accruals in respect of the year ended 31 December 2016 were overstated by €746,510. This adjustment had no impact on the Income Statement.

In the prior year, an amount of €266,620 which related to income was offset against expenses. On review of the agreement in place in relation to this income the company does not have the right to offset the income against expenses. As a result, we have increased the income generated in 2016 by €266,620 with the corresponding increase included in expenditure.

During the preparation of the 2017 financial statements, it was identified that the company held a number of capital grants which should have been fully amortised as at 31 December 2015. This resulted in the capital reserves and funds account being overstated by €2,788,086 as at 31 December 2015. Consequently, the amortisation charge in the income statement was overstated by €410,974 in the 2016 financial statements which has been corrected through opening retained earnings. In the financial statements presented for 2016 year end an amount of €142,403 was included as a prior period adjustment relating to a recalculation of amortisation on capital grants.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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9. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Leasehold Improvements	Fixtures, Fittings & Equipment	Motor vehicles	Total
	€	€	€	€	€
Cost or Valuation					
At 1 January 2017	15,012,398	362,867	2,701,427	1,321,533	19,398,225
Additions	40,551	-	38,844	214,950	294,345
Revaluation	(1,421,949)	-	-	-	(1,421,949)
At 31 December 2017	13,631,000	362,867	2,740,271	1,536,483	18,270,621
Depreciation					
At 1 January 2017	4,768,963	362,867	2,477,670	1,049,701	8,659,201
Charge for the year	301,059	-	51,529	141,807	494,395
Revaluation	(5,070,022)	-	-	-	(5,070,022)
At 31 December 2017	-	362,867	2,529,199	1,191,508	4,083,574
Net book value					
At 31 December 2017	13,631,000	-	211,072	344,975	14,187,047
At 31 December 2016	10,243,435	-	223,757	271,832	10,739,024

Buildings were valued during the year by K. Fox, M.I.P.A.V., Fox & Gallagher Limited and their assessment was based on a Market Value Report.

10. DEBTORS

	2017 €	2016 €
Trade debtors	1,728,221	1,842,894
Amounts owed by related parties	-	23,145
Other debtors	4,336	12,707
Prepayments	150,999	138,191
	1,883,556	2,016,937

All debtors are due within one year. All trade debtors are due within the charity's normal terms. The bad debt for the year amounted to €Nil (2016: €Nil).

11. CREDITORS

Amounts falling due within one year	2017 €	2016 €
Amounts owed to credit institutions	3,293,925	2,601,723
Payments received on account	50,650	50,650
Trade creditors	887,957	798,237
Taxation (Note 12)	1,037,745	977,263
Other creditors	258,749	164,910
Accruals	720,190	715,619
	6,249,216	5,308,402

The repayment terms of trade creditors vary between on demand and ninety days. No interest is payable on trade creditors. Social insurance are subject to the terms of the relevant legislation. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

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for the year ended 31 December 2017

12. TAXATION	2017	2016
	€	€
Creditors:		
PAYE	1,037,745	977,263

13. PENSION COSTS - DEFINED CONTRIBUTION

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs amounted to €1,302,357 (2016 - €1,287,219).

14. PENSION COSTS - DEFINED BENEFIT

(a) General description of type of scheme

The Association operates a defined benefit pension scheme for its employees providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with pension fund managers. Contributions to this scheme are charged to the Income Statement so as to spread the cost of pensions over the employees' working lives with the company. The pension cost of the defined benefit scheme is assessed on an annual basis in accordance with the advice of qualified actuaries using the projected unit method. The most recent full actuarial review of the scheme was prepared at 1 July 2016. The defined benefit pension scheme has been closed to new members since the late 1980's.

The pension costs of the defined benefit scheme are assessed in accordance with the advice of qualified actuaries. The latest actuarial assessment of the scheme, for section 39 purposes, was prepared at 31 December 2017 by a qualified independent actuary.

Discount rate	2017	2016
	1.35%	1.50%

Investigations have been carried out within the past three years into the mortality experience of the company's major scheme's. These investigations concluded that the current mortality conclusions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement at age 65 are:

	2017	2016
Retiring today		
Males	58	58
Females	62	62

The table below shows life expectancy in respect of single life pensions for members attaining age 65 in 2018 and 2038:

	2018	2038
Males	21.2	22.8
Females	23.8	25.2

Assets in the scheme and expected rate of return were:

	Long term expected rate of return	Value €	Long term expected rate of return	Value €
Equities	72.10%	2,902,025	72.50%	2,994,975
Other	27.90%	1,122,975	27.50%	1,136,025
Total Market Value of assets		4,025,000		4,131,000
Present value of scheme liabilities		(5,828,000)		(6,351,000)
Deficit in the scheme		(1,803,000)		(2,220,000)
Net pension liability		(1,803,000)		(2,220,000)

Western Care Association

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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14.1. PENSION COSTS - DEFINED BENEFIT CONTINUED	2017	2016
	€	€
Analysis of the amount charged to operating profit		
Current service cost	-	-
	<u>-</u>	<u>-</u>
Analysis of amount credited to other income		
Net interest on net fund assets/liabilities	(31,000)	(42,000)
	<u>(31,000)</u>	<u>(42,000)</u>
Analysis of movement in scheme during the year		
Deficit as at 31 December 2016	2,220,000	2,055,000
Movement in year:		
Current service costs	-	-
Contributions to the scheme	(251,000)	(251,000)
Net interest on net fund assets/liabilities	31,000	42,000
Re-measurement of fund assets and liabilities	(197,000)	374,000
	<u>(417,000)</u>	<u>(135,000)</u>
Deficit as at 31 December 2017	1,803,000	2,220,000
	<u>1,803,000</u>	<u>2,220,000</u>
14.2. PENSION COSTS - DEFINED BENEFIT CONTINUED		
History of pension scheme experience gains and losses	2017	2016
Total amount recognised in other comprehensive income		
Amount	197,000	(374,000)
Percentage of the present value of the scheme liabilities	3.38%	-5.90%

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NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 December 2017

14.3. PENSION COSTS - DEFINED BENEFIT CONTINUED

The principal actuarial assumptions used as at the reporting date are as follows

	2017	2016
Discount rate	1.35%	1.5%
Inflation Rate	0%	0%
Rate of increase in pensionable salaries	0%	0%
Rate of increase in pensions	0%	0%

Method of measurement for scheme liabilities

The Association provides benefits to some of its former employees through a defined benefit scheme. The level of retirement benefit is principally based on the salary earned in the last three years of employment.

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projects unit credit method. This amount is reflected in the deficit in the balance sheet. The projected unit credit method is an accrued benefits valuation method in which the scheme's liabilities make allowance for projected earnings.

Future funding obligations

The most recently completed triennial actuarial valuation of the Association's main retirement benefits fund was performed by an independent actuary for the trustees of the scheme and was carried out as at 1 July 2016. Following the valuation, the actuary decided that the Association's ordinary contributions toward the pension fund deficit need to increase in line with inflation over the next 9 years to 30 June 2025. As per the funding proposal the contributions will increase in line with inflation from 2010 to 2025. The Association has agreed with the trustees it will aim to eliminate the deficit by 30 June 2025. The Association will monitor funding levels on an annual basis. The next triennial valuation is due to be completed as at 1 July 2019. The Association considers that the contribution rates agreed with the trustees at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly other than in line with inflation.

14.4. PENSION COSTS - DEFINED BENEFIT CONTINUED

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

At 31 December 2017 the scheme assets were invested in Irish Life Bonds Funds and Aviva with profit assets.

The scheme has less exposure to investment risk due to the investment portfolio being weighted in favour of bonds which are less volatile than equities and property. Currently, all the scheme assets are invested in bonds except for the profit with Aviva portion incorporating guaranteed annuity rates.

15. MAYO COUNTY COUNCIL MORTGAGE	2017	2016
	€	€
At 1 January 2017	4,433,702	4,641,155
Amortisation		
Amortised in year	(200,046)	(207,453)
Net book value		
At 31 December 2017	4,233,656	4,433,702

Mortgages received from Mayo County Council for the purpose of purchasing properties for use by Western Care Association are repayable if more properties are disposed of or cease to be used for the intended purpose prior to the expiry of the term of the mortgage. The deemed repayments are amortised to the Income Statement over the period of the mortgage.

The deeds of charge held by Mayo County Council are for the following properties: 1). Property held at townland of Carrowbeg and comprised in Folio 4713f, Barony or Murisk, County Mayo, 2). Property held at Bohernasup, Ballina, Barony of Tyrawley, County Mayo, 3). Property at 9 Curfew Hill, Belmullet, County Mayo, 4). Property held at Number 7 & Number 8, Riverwalk, Crossmolina, County Mayo, 5). Property held at 43 Abbeytown, Crossmolina, County Mayo, 6). Townland of Gorteen and comprised in Folio 15782f, County Mayo.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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16. STATUS

The liability of the members is limited.

Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while they are members, or within one year thereafter, for the payment of the debts and liabilities of the company contracted before they ceased to be members, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required, not exceeding € 2.

17. RESERVES

	Revaluation reserve	Capital Grants	Income and expenditure account	Total
	€	€	€	€
At 1 January 2017	2,391,449	458,287	(1,580,535)	1,269,201
Revaluation of property	3,648,073	-	-	3,648,073
Amortisation charge	-	(91,564)	-	(91,564)
Additions	-	55,000	-	55,000
Deficit for the year	-	-	(788,858)	(788,858)
At 31 December 2017	<u>6,039,522</u>	<u>421,723</u>	<u>(2,369,393)</u>	<u>4,091,852</u>

18. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2017	2016
	€	€
Due:		
Within one year	277,193	295,049
Between one and five years	128,028	230,951
In over five years	-	6,875
	<u>405,221</u>	<u>532,875</u>

The association have entered into a number of operating leases in relation to the occupancy of a number of properties in the Mayo region. An amount of €277,193 (2016: €295,049) was paid in respect of these operating leases in the current year and has been included as an expense in the Income Statement.

A number of the above leases have a defined expiry date and a financial commitment is included up to the date of the expiry of these leases. In addition, the association lease 8 properties on a rolling lease basis, resulting in the company having a minimum of one year financial commitment in relation to these leases.

19. CAPITAL COMMITMENTS

The company had no material capital commitments at 31 December 2017.

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NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 December 2017

20. CONTINGENT LIABILITIES

Implementation of the Lansdowne Road Agreement:

To date, the HSE has not provided funding to enable the Association to implement pay restoration in accordance with the Lansdowne Road Agreement. As a major provider of services to the HSE, Western Care Association's employees are remunerated in line with HSE pay scales although full HSE terms and benefits do not apply.

In October 2017, SIPTU representing the Association's staff, sought a Labour Court hearing in respect of this matter. The published Labour Court recommendation confirms that the Association's staff pay is aligned with the Department of Health Consolidated pay scales and the Court recommends the application of the pay increases set out in the Lansdowne Road Agreement. The Association continues to engage with the HSE regarding funding.

In February 2018, the HSE in conjunction with the Department of Health and the Workplace Relations Commission has commenced a process to gather information to address the issue of pay restoration for Section 39 funded organisations including Western Care Association. The Association is participating fully in that process.

At the date of signing the financial statements an estimated amount to be paid cannot be quantified as discussions are currently ongoing.

Grants:

There exists a contingent liability to repay capital and revenue grants received if certain circumstances set out in the grant agreements occur.

21. RELATED PARTY TRANSACTIONS

It is noted that children of serving directors are in receipt of services from the Association which, under other circumstances, might be deemed as related party transactions. However, it is further noted that it is a requirement of the Articles of Association that one director from each of the four regions of Mayo must be a parent or legal guardian of a special needs person (service user) and co-opted members may also have that relationship. Accordingly, it has been deemed that the cost of the provision of such services to children or guardians of directors does not constitute a related party transaction.

Transactions and balances with group company:

Western Care Trust

During the year Western Care Trust provided €97,988 (2016: €50,000) towards the operational costs of the Association. The Trust also donated an amount of €71,407 (2016: 52,846) towards the purchase of fixed assets. The balance due from the Western Care Trust at the year end amounted to €nil (2016: €23,145). In September 2017, the Western Care Trust was dissolved and as a result all of the assets and liabilities of the Trust transferred to the Western Care Association.

22. KEY MANAGEMENT PERSONNEL

The management who have authority and responsibility for planning, directing and controlling activities of the company are considered to be key personnel. Total remuneration in respect of these individuals is €356,894 (2016: €351,317).

23. EVENTS AFTER END OF REPORTING PERIOD

There have been no significant events affecting the company since the year-end.

24. CHANGES IN EQUITY

Other Comprehensive Income	2017 €	2016 €
Revaluation reserve unrealised movement on revaluation of property	3,648,073	-
Retained earnings staff defined benefit pension re-measurement	197,000	(374,000)
	<u>3,845,073</u>	<u>(374,000)</u>

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NOTES TO THE FINANCIAL STATEMENTS

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25. CASH AND CASH EQUIVALENTS	2017	2016
	€	€
Cash and bank balances	130,121	101,344
Bank overdrafts	(3,293,925)	(2,601,723)
	<u>(3,163,804)</u>	<u>(2,500,379)</u>

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 May 2018.