



IRISH MEDICAL  
ORGANISATION  
Ceardchumann Dochtúirí na hÉireann



## financial statements

For Year ended 31-12-2012



IRISH MEDICAL  
ORGANISATION  
Ceardchumann Dochtúirí na hÉireann

## Financial Statements

For the Year Ended 31st December 2012



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(These pages do not form part of the audited consolidated financial statements)



## Trustees and other information

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**The Irish Medical Organisation is a Trade Union registered under the Trade Union Act 1941.**

### TRUSTEES:

Dr. Henry Finnegan  
Dr. Larry Fullam  
Dr. Mary Hurley  
Dr. Michael Thornton  
Prof. Cillian Twomey

### MANAGEMENT COMMITTEE:

Dr. Paul McKeown - President  
Dr. Matthew Sadlier - Vice President  
Professor Sean Tierney - Treasurer  
Dr. Brett Lynam - Honorary Secretary  
Dr. Ronan Boland - Immediate Past President  
Dr. Ray Walley  
Dr. Trevor Duffy  
Dr. Mark Murphy  
Dr. Mary Conlon

### PRINCIPAL BANKERS:

Allied Irish Banks Plc.,  
40/41 Westmoreland Street,  
Dublin 2.

### SOLICITORS:

John O'Connor & Co.,  
9 Clare Street,  
Dublin 2.

### AUDITORS:

HSOC,  
Chartered Accountants,  
Registered Auditors,  
Adelaide House,  
90 Upper Georges Street,  
Dun Laoghaire,  
Co. Dublin.



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## THE IRISH MEDICAL ORGANISATION

### Report of the Management Committee for the Year Ended 31 December 2012

The Management Committee has pleasure in submitting its report together with the audited financial statements of the organisation for the year ended 31 December 2012.

#### Principal activities and review

The Organisation continues to be a Trade Union representing the interests of the members of the medical profession.

The results of the organisation for the year have been significantly affected by two material items, namely the termination package with former CEO and a write down due to the reduction in valuation of the properties at 10/11 Fitzwilliam Place.

#### Results for the year

The accounts presented incorporate the consolidated activities of the Organisation comprising its Trade Union and Publishing activities, Financial Services division and Property Holding company.

The summary Balance Sheets of the individual entities are appended for information purposes.

The organisation's deficit for the year was €6,177,192 which includes the material items of €4,178,711 (Termination package) and €2,994,365 (Reduction in property value). It should also be noted that a further €1,321,379 of a Revaluation Reserve, arising from a previous uplift in value, has also been written off.

#### Principal Risks and Uncertainties

The committee has considered the principal risks and uncertainties faced by the organisation, including economic risk, competition risk and financial risk. Financial risk includes the need to consider if there is any risk from property revaluations, in which regard the committee has obtained a professional valuation which is reflected in the accounts.

#### Post Balance Sheet Events

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

#### Future Developments

There are no future developments envisaged that would materially affect the nature and level of the organisation's activities.



## THE IRISH MEDICAL ORGANISATION

### Report of the Management Committee for the Year Ended 31 December 2012

#### Statement of Management Committee's Responsibilities

The Management Committee are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Council and published by Chartered Accountants Ireland.

Irish law requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the organisation and of the surplus/deficit of the organisation for that period. In preparing those financial statements the Management Committee are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Management Committee confirm that they have complied with the above requirements in preparing the financial statements.

The Management Committee are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising the Trade Unions Acts 1871-1990 and the Companies Acts 1963-2012. They are also responsible for safeguarding the assets of the organisation and hence, for taking reasonable steps for the prevention and detection of fraud and any other irregularities.

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

On behalf of the Management Committee:

President

**Dr Paul McKeown**

Treasurer

**Prof Sean Tierney**

Date: 06 March 2013



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## THE IRISH MEDICAL ORGANISATION

### Treasurer's Report

As Treasurer of the Irish Medical Organisation, and on behalf of my colleagues on the IMO Management Committee, I present my report and the Financial Statements of the Organisation for the year ended 31st December 2012.

As part of our programme of renewal for the IMO, we are committed to increasing the level of transparency provided about the management and financial position of the Organisation. In that spirit we have included additional information in these Financial Statements in respect of IMO subsidiary companies, IMO Financial Services and IMA Ltd, so as to be as transparent as possible in terms of reporting to members and to assure members of the financial stability of the Organisation for the future.

I am happy to report that, despite a difficult and challenging year financially for the Organisation, these Statements demonstrate that the IMO has a net value of €3,287,742 (31 December 2012).

There are two material items contained within these Financial Statements:

#### 1. Settlement with Former Chief Executive

Following a comprehensive review - including detailed legal opinion - of the contractual entitlements of the former Chief Executive, the IMO was left with no option but to secure a settlement with the former Chief Executive. Following intensive negotiations we secured an agreement which reduced the Organisation's legal obligations by approximately 50%. Full details of this agreement, which was approved by both Council and the Management Committee, have been notified to members along with plans for dealing with the issues arising from the matter.

Within the context of this report I wish to detail the financial arrangements as they affect the Financial Statements for 2012. It was always our intention to reflect the full cost of the settlement in these financial statements so that the agreement was transparent to members and to demonstrate that, notwithstanding the significant obligations, the IMO remains in a position to continue operations and provide services to members. Critically, now that we have taken the full cost into our accounts we are in a position to assure members that no income from future membership subscriptions will be required to fund this agreement.

While the total cost of the Settlement Agreement amounts to €9.75m, €4.5m had already been set aside in Mr McNeice's pension plan so the balance of the exposure in present day values is €4,178m and the full amount is detailed within these accounts.

Critically, we have secured an agreement whereby, while accounting for all costs in these financial statements, over half of the liability will be paid in staged payments between 2016 and 2032 so as to limit the impact on the Organisation.

While the terms of this Settlement Agreement have been extremely controversial I can assure you that we, as your representatives, acted at all times in the best interests of the Organisation so as to assure its future as a trade union representing the medical profession in these critical times



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## THE IRISH MEDICAL ORGANISATION

### Treasurer's Report

#### 2. Property Revaluation

A second significant issue impacting on these Financial Statements arises in respect of Property Valuations.

The IMO owns two properties at No 10 and No 11 Fitzwilliam Place. We considered it prudent in the context of preparing an accurate financial statement to have the properties re-valued at this time. Due to the economic circumstances, particularly as they affect property values, the revaluation has resulted in a drop in value of €2,994,365. The revaluation has also resulted in the elimination of the revaluation reserve of €1,321,379 which arose from an uplift on a previous revaluation. The properties are held by IMA Ltd, a wholly owned subsidiary of the IMO, and these financial statements reflect the full write down of the revaluation. However, it is important to state that while the write down is reflected in the overall value of the Organisation it does not impact on cash reserves or ongoing operations.

#### Conclusion

In financial terms this has been a difficult and challenging year for the Organisation however, after taking into account the two material items above, the IMO has a net value of €3,287,742 and is in a strong financial position to continue to represent members in what can only be described as a time of unprecedented attacks on the pay of doctors. This is your union and we are here to fight on your behalf and to ensure we have the resources to fight that fight for you and your patients.

Treasurer

**Prof Sean Tierney**



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## Independent Auditors' Report to the Trustees of the Irish Medical Organisation

We have audited the financial statements of the Irish Medical Organisation for the year ended 31 December 2012 on pages 10-23, which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Recognised Gains and Losses, the Consolidated Balance Sheet, the Consolidated Cashflow Statement and the related notes. These consolidated financial statements have been prepared under the accounting policies set out on page 14.

This report is made solely to the Trustees of the Organisation, as a body, in accordance with Section 11 of the Trade Unions Act 1871. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Organisation and the Organisation's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Management Committee and the Auditors**

The Management Committee of the Irish Medical Organisation is responsible for the preparation of the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland including accounting standards issued by the Accounting Council as set on page 5 in the Statement of Management Committee's Responsibilities.

Our responsibility, as independent auditor, is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Trade Union Acts 1871 -1990 and all relevant legislation.

Our responsibilities do not extend to other information.

### **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Financial Reporting Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Organisation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.





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## Independent Auditors' Report to the Trustees of the Irish Medical Organisation

### Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Organisation's affairs as at 31 December 2012 and of its deficit for the year then ended and have been properly prepared in accordance with all legal requirements.

In our opinion, the information given in the Management Committee report is consistent with the financial statements.

### Emphasis of Matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the organisation's ability to continue as a going concern. The organisation incurred a net deficit of €6,177,192 after taxation, due to exceptional items, during the year ended 31 December 2012. However, at that date, the organisation's total assets exceeded its current liabilities by €6,763,763 and exceeded its total liabilities by €3,287,742.

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### HSOC

Chartered Accountants  
Registered Auditors  
Dun Laoghaire  
Co. Dublin

Date: 08 March 2013



IRISH MEDICAL  
ORGANISATION  
CeardChumann Dochtúirí na hÉireann

## THE IRISH MEDICAL ORGANISATION

### Consolidated Income and Expenditure Account For The Year Ended 31 December 2012

	Notes	Continuing Operations 2012 €	Continuing Operations 2011 €
Income	<b>2&amp;3</b>	5,070,662	5,709,567
Expenditure	<b>Schedule 2</b>	(3,998,132)	(4,803,824)
Former CEO termination package	<b>4</b>	(4,178,711)	–
Property revaluation	<b>5</b>	(2,994,365)	–
(Deficit)/Surplus for the Year before Taxation	<b>6</b>	(6,100,546)	905,743
Taxation	<b>7</b>	(76,646)	(99,716)
(Deficit)/Surplus For The Year After Taxation		(6,177,192)	806,027

The accounting policies and notes on pages 14 to 23 form part of these financial statements.

The financial statements were approved and authorised for issue by the management committee on the 06 March 2013 and signed on its behalf by:

President

**Dr Paul McKeown**

Treasurer

**Prof Sean Tierney**



## THE IRISH MEDICAL ORGANISATION

### Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2012

	Notes	2012 €	2011 €
(Deficit)/Surplus For The Year After Taxation		(6,177,192)	806,027
(Reduction) in revaluation reserve on property valuation	18	(1,321,379)	–
Unrealised (loss) on investments		–	(159,701)
Total recognised (Deficit)/Surplus for the year		<u>(7,498,571)</u>	<u>646,326</u>



## THE IRISH MEDICAL ORGANISATION

### Consolidated Balance Sheet as at 31 December 2012

	Notes	2012 €	2011 €
<b>FIXED ASSETS</b>			
Tangible Assets	8	3,824,291	8,167,626
Deposit with the Court of Justice	9	10,640	10,640
		<u>3,834,931</u>	<u>8,178,266</u>
<b>FINANCIAL ASSETS</b>			
Investments	10	803,170	355,735
		<u>4,638,101</u>	<u>8,534,001</u>
<b>CURRENT ASSETS</b>			
Debtors	11	457,887	581,167
Cash & Bank Balances	12	5,145,135	5,964,588
		<u>5,603,022</u>	<u>6,545,755</u>
<b>CURRENT LIABILITIES</b>			
Creditors (amounts falling due within one year)	13	(3,477,360)	(3,186,035)
		<u>2,125,662</u>	<u>3,359,720</u>
<b>NET CURRENT ASSETS</b>			
		<u>6,763,763</u>	<u>11,893,721</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Creditors (amounts falling due after more than one year)	14	(3,476,021)	(1,107,408)
		<u>3,287,742</u>	<u>10,786,313</u>
<b>FINANCED BY</b>			
Accumulated Revenue Surplus	17	3,287,742	9,464,934
Revaluation Reserve	18	–	1,321,379
Members' Funds	19	3,287,742	10,786,313
		<u>3,287,742</u>	<u>10,786,313</u>

The accounting policies and notes on pages 14 to 23 form part of these financial statements.

The financial statements were approved and authorised for issue by the management committee on the 06 March 2013 and signed on its behalf by:

President

Dr Paul McKeown

Treasurer

Prof Sean Tierney



## THE IRISH MEDICAL ORGANISATION

### Consolidated Cashflow Statement for the Year Ended 31 December 2012

Notes	2012		2011	
	€	€	€	€
<b>Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities</b>				
Operating (deficit)/profit		(6,100,546)		905,743
Depreciation on tangible assets		288,061		299,429
(Profit)/Loss on disposal of tangible assets		–		(18,112)
Interest received		(120,353)		(71,457)
Interest paid		16,250		31,648
Reduction in property value		2,994,365		–
(Increase)/Decrease in debtors		123,280		(234,263)
Increase in creditors		2,999,955		173,386
		<hr/>		<hr/>
<b>Net cash inflow from operating activities</b>		201,012		1,086,374
<b>Taxation paid</b>		(76,646)		(99,716)
<b>Returns on Investment and Servicing of Finance</b>				
Interest received	120,353		71,457	
Interest paid	<u>(16,250)</u>		<u>(31,648)</u>	
		104,103		39,809
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(277,019)		(191,424)	
Acquisition of investment bond and shares	(450,000)		–	
Receipts from sales of tangible assets and shares	19,114		39,674	
	<hr/>		<hr/>	
<b>Net cash (outflow) for capital expenditure</b>		(707,905)		(151,750)
		<hr/>		<hr/>
<b>Net cash (outflow)/ inflow before management of liquid resources and financing</b>		(479,436)		874,717
<b>Financing</b>				
(Decrease) in Capital element of finance lease contracts		(33,478)		(35,936)
		<hr/>		<hr/>
<b>(Decrease)/Increase in Cash</b>	<b>20</b>	<u>(512,914)</u>		<u>838,781</u>



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## THE IRISH MEDICAL ORGANISATION

### Accounting Policies for the Year Ended 31 December 2012

The significant accounting policies adopted by the organisation were as follows:

**A. Basis of Accounting**

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention and financial reporting standards as prescribed by the Accounting Council as modified by the revaluation of certain fixed assets.

**B. Basis of Consolidation**

The financial statements reflect the results for the year and the financial position of the Organisation and its wholly owned subsidiary entities:

Fitzserv Consultants Limited t/a IMOFS – Financial Services Company

The Irish Medical Association Limited – Property Holding Company  
(A Company Limited by Guarantee  
and not having a Share Capital).

**C. Subscriptions Received**

Subscriptions received in the income and expenditure account are accounted for on a cash receipts basis, as adjusted for subscriptions received in advance.

**D. Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost less depreciation with the exception of land and buildings which are stated at open market value based on an independent professional valuation.

Depreciation is calculated to write off the original cost less the expected residual value of the assets over their expected useful lives at the following annual rates:

Freehold Premises	2% Straight Line
Motor Vehicles	20% Straight Line
Fixtures and Fittings	10% Straight Line
Office Equipment	20% Straight Line

**E. Leased Assets**

The cost of fixed assets acquired under finance leases are included in fixed assets and written off over the term of the estimated useful life of those assets, while the capital portion of the outstanding lease obligations is included in creditors. The interest portion is written off to the income and expenditure account over the term of the primary lease period.

**F. Taxation**

Taxation is calculated on non-subscription income.

**G. Financial Assets**

Financial Assets are stated at cost or valuation. Provisions are made for financial assets which have suffered a permanent diminution in value.

**H. Pensions**

The organisation operates a defined contribution scheme. Payments are made to a pension trust, which is a separate legal entity from the organisation.



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

#### 1. Emphasis of Matter

As a result of the material items set out in Notes 4 & 5, the organisation incurred a deficit of €6,177,192 during the year ended 31 December 2012.

It is noted, that the long term liability as set out in Note 14 which represents the Deferred Pension Commitments for the former CEO has been fully provided for as at 31 December 2012, based on the latest actuarial valuations, and the organisation has significant cash balances of €4,910,530 at 31 December 2012. Further information about the former CEO's settlement is included in Notes 4, 13, 14, 15 and 21.

Management have considered the likely out-turn for the coming year and expect that 2013 will, in the absence of unforeseen material items, see a return to profitability, which is expected to continue for the foreseeable future, and accordingly have adopted the going concern basis of accounting.

2. Income	2012	2011
	€	€
Membership Subscriptions	3,307,708	3,614,452
IMOFs sales	1,781,597	1,965,214
Rental Income	45,004	58,550
Publishing Royalties	(26,298)	15,324
Interest received	120,353	71,457
Investment surplus/(deficit)	(15,249)	(6,136)
Publishing Contribution (Schedule 1)	(142,453)	(9,294)
	<u>5,070,662</u>	<u>5,709,567</u>

3. Analysis of Members	2012	2011
	No's	No's
General Practitioners	1,885	1,959
Consultants	696	705
Public Health Specialists	109	122
Community Health	54	51
Non Consultant Hospital Doctors	2,082	2,121
Other	32	33
Student	195	348
	<u>5,053</u>	<u>5,339</u>



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

#### 4. Former CEO Settlement Agreement

A Settlement Agreement between the IMO and the former Chief Executive was reached during the financial year. Detailed legal advices were received by the Organisation in respect of the negotiations leading to the settlement. The Settlement Agreement provides for a termination payment of three year's salary payable on 31st March 2013 and a pension payment over a sixteen year period, commencing 2016.

	€	Present Value €
From 22 April 2016 to 21 April 2021 €200,000 Gross per annum	1,000,000	844,069
From 22 April 2021 to 21 April 2032 €250,000 Gross per annum	2,750,000	1,838,792
	<u>3,750,000</u>	<u>2,682,861</u>

In accordance with the provisions of FRS 17, Trident Consulting, Actuarial Consultants, have placed a Present Day Value on this obligation of €2,682,861. In coming to this value they have used a discount rate of 3%, based primarily on the iBoxx €Corporates AA 10+ index which was yielding 2.69% at 31 December 2012.

It should be noted that varying interest rates in future may necessitate an adjustment to this figure.

Accordingly a provision has been made in the accounts as follows:

	€
Termination payment – payable 31 March 2013	1,495,850
Deferred pension commitments (see note 14)	2,682,861
	<u>4,178,711</u>





## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

#### 5. Property Revaluation

Valuation of the premises at 10 & 11, Fitzwilliam Place was carried out by Kelly Walsh, (Property Advisors & Agents) on 10 December 2012. This valuation is below the cost price of the property and, accordingly, an amount of €2,994,365 has to be written against the reserves of the company.

In addition, the Revaluation reserve which had been created on an earlier uplift of property valuation has also had to be written off and this is reflected in the Consolidated Statement of Total Recognised Gains and Losses.

6. (Deficit)/Surplus for the Year	2012 €	2011 €
(Deficit)/Surplus for the year is stated after charging:		
Auditors' Remuneration – Audit services	35,463	35,393
Non-audit services	42,171	40,259
Taxation	–	–
Other assurance	–	–
Depreciation	288,061	299,429
Loss/(Profit) on disposal of assets	–	(18,112)
	<u>          </u>	<u>          </u>

7 Taxation	2012 €	2011 €
Current Year Charge	76,646	99,716
	<u>          </u>	<u>          </u>

The organisation is exempt from taxation on its trade union activities and subscription income. Taxation is based on its publishing and investing activities and the profits of its subsidiary Fitzserv Consultants Limited, which is liable under the Corporation Tax Acts.

Profits for Fitzserv Consultants Limited	429,761	582,194
	<u>          </u>	<u>          </u>
Tax at standard Irish Corporation tax rate (12.5%)	53,720	72,774
Effects of:		
Depreciation addback	3,976	4,870
Capital allowances	(2,259)	(2,240)
Other tax adjustments	21,209	6,869
	<u>          </u>	<u>          </u>
	76,646	82,273
Income tax IMO	–	17,443
	<u>          </u>	<u>          </u>
	76,646	99,716
	<u>          </u>	<u>          </u>



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

8. Tangible Assets	Freehold Premises €	Office Equipment €	Fixtures & Fittings €	Motor Vehicles €	Total €
Cost:/Valuation					
At 1 January 2012	8,300,000	392,677	104,897	308,739	9,106,313
Additions	202,795	5,014	14,392	54,818	277,019
Disposals	-	-	(2,372)	(24,300)	(26,672)
Revaluation	(4,983,795)	-	-	-	(4,983,795)
At 31 December 2012	<u>3,519,000</u>	<u>397,691</u>	<u>116,917</u>	<u>339,257</u>	<u>4,372,865</u>
Depreciation:					
At 1 January 2012	498,702	273,123	83,796	83,066	938,687
Charge for Year	170,056	40,575	10,808	66,622	288,061
Disposals	-	-	(1,177)	(8,239)	(9,416)
Revaluation	(668,758)	-	-	-	(668,758)
At 31 December 2012	<u>-</u>	<u>313,698</u>	<u>93,427</u>	<u>141,449</u>	<u>548,574</u>
Net book value at					
31 December 2012	<u>3,519,000</u>	<u>83,993</u>	<u>23,490</u>	<u>197,808</u>	<u>3,824,291</u>
Net book value at					
31 December 2011	<u>7,801,298</u>	<u>119,554</u>	<u>21,101</u>	<u>225,673</u>	<u>8,167,626</u>

Valuation of the premises at 10 & 11, Fitzwilliam Place was carried out by Kelly Walsh, (Property Advisors & Agents) on 10 December 2012.

Included in the above at the balance sheet date were assets held under finance leases and hire purchase agreements as follows:

Net book value	2012 €	2011 €
Motor Vehicles	54,967	85,103
Office Equipment	763	1,907
	<u>55,730</u>	<u>87,010</u>
Depreciation charged to the Income and Expenditure Account in relation to the above was:		
Motor Vehicles	30,136	30,136
Office Equipment	1,144	1,144
	<u>31,280</u>	<u>31,280</u>



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

#### 9. Deposit with The Court of Justice

The deposit with the Court of Justice under the Trade Union Act, 1941 is invested in a fund called the BIAM GRU cash fund strategy.

10. Investments	2012 €	2011 €
Listed Investments at Market Value	262,891	243,035
Unlisted investments at Market value	–	22,421
Investment Bond at cost	450,000	–
	<hr/>	<hr/>
	712,891	265,456
Other Investments at Cost	90,279	90,279
	<hr/>	<hr/>
	803,170	355,735
	<hr/> <hr/>	<hr/> <hr/>

Unlisted investments related to a Property fund which has been wound up.

The Investment Bond was purchased in December 2012 and there is no material difference between the cost price and valuation at 31 December 2012.

11. Debtors	2012 €	2011 €
Trade debtors	214,804	219,178
Other debtors	120,759	118,914
Prepayments	122,324	243,075
	<hr/>	<hr/>
	457,887	581,167
	<hr/> <hr/>	<hr/> <hr/>

12. Cash at bank and in hand	2012 €	2011 €
Own funds	4,910,530	5,581,223
IMOFs Client funds	234,605	383,365
	<hr/>	<hr/>
	5,145,135	5,964,588
	<hr/> <hr/>	<hr/> <hr/>



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

<b>13. Creditors (amounts falling due within one year)</b>	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
Creditors and Accruals	1,749,414	2,760,625
IMOFs Client funds	234,605	383,365
Gross Termination payment for CEO	1,477,065	–
Bank overdraft	5,882	12,421
Lease and Hire Purchase Finance	10,394	29,624
	<u>3,477,360</u>	<u>3,186,035</u>

#### **Creditors and accruals include the following outstanding taxes**

	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
PAYE/PRSI	66,110	68,345
VAT	2,389	–
Income tax	–	17,443
Corporation tax	–	9,098
	<u>68,499</u>	<u>94,886</u>

<b>14. Creditors (amounts falling due after more than one year)</b>	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
Bank loans	787,977	1,087,977
Deferred Pension Commitments	2,682,861	–
Lease and Hire Purchase Finance	5,183	19,431
	<u>3,476,021</u>	<u>1,107,408</u>

#### **Analysis of Bank loans**

	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
Wholly repayable within five years	787,977	1,087,977

Bank loans are secured by legal charges over properties at 10 & 11, Fitzwilliam Place, Dublin 2 vesting in the name of Cumann Doctúirí na hÉireann, The Irish Medical Association Limited.



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

#### 14. Creditors (amounts falling due after more than one year) (Contd)

	Actual €	Present Value €
<b>Analysis of Deferred Pension commitments</b>		
In more than two years but not more than five years	350,000	309,710
In more than five years but not more than ten years	1,087,500	868,314
In more than ten years but not more than fifteen years	1,250,000	864,254
In more than fifteen years but not more than twenty years	1,062,500	640,583
	<u>3,750,000</u>	<u>2,682,861</u>
	<u>2012</u>	<u>2011</u>
	€	€
<b>Analysis of Leases and Hire Purchase</b>		
Wholly repayable within five years	15,577	49,055
Included in current liabilities	(10,394)	(29,624)
	<u>5,183</u>	<u>19,431</u>
	<u>2012</u>	<u>2011</u>
	€	€
<b>Lease and Hire Purchase maturity analysis</b>		
In more than one year but not more than two years	5,183	19,431
In more than two years but not more than five years	-	-
	<u>5,183</u>	<u>19,431</u>

#### 15. Staff Pension Scheme

The organisation currently operates a Defined Contribution pension scheme in respect of its employees. The assets of the scheme are held separately from those of the organisation in an independently administered fund. Contributions within the year amounted to €310,236 of which €1,612 was unpaid at the year-end.

As set out in Note 4, as part of the Settlement Agreement for the former Chief Executive has an entitlement to a total pension fund of €4.5m as at 31 March 2013. As at 31 December 2012, the fund requires an additional €50,000 and this has been provided for in full at the balance sheet date.



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

#### 16. Staff Numbers and Costs

The average number of persons employed by the organisation during the year was as follows:

	<b>2012</b>	<b>2011</b>
	<b>No's</b>	<b>No's</b>
Total Employees	34	33
Analysed as follows:		
Directors	5	4
Trade Union administration	23	23
Financial Services sales & administration	6	6
	<u>34</u>	<u>33</u>

The aggregate payroll costs of these persons were as follows:

	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
Directors remuneration and fees	139,000	158,577
Directors Pension Costs	18,000	18,000
Wages and Salaries	1,776,119	2,013,788
Social Welfare Costs	214,118	191,548
Other Pension Costs	292,236	370,175
	<u>2,439,473</u>	<u>2,752,088</u>

#### 17. Movement in Revenue Reserves

	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
Reserves at start of year	9,464,934	8,817,693
Retained (deficit)/surplus for year	(6,177,192)	647,241
Reserves at end of year	<u>3,287,742</u>	<u>9,464,934</u>

#### 18. Revaluation reserve

	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
Reserve at start of year	1,321,379	1,322,294
Revaluation during year	(1,321,379)	(915)
Reserve at end of year	<u>-</u>	<u>1,321,379</u>



## THE IRISH MEDICAL ORGANISATION

### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2012

19. Reconciliation of Movement in Members' Funds	2012	2011
	€	€
Total recognised (Deficit)/Surplus For The Year	(7,498,571)	646,326
Members' Funds at Start of Year	10,786,313	10,139,987
	<hr/>	<hr/>
Members' Funds at End of Year	3,287,742	10,786,313
	<hr/> <hr/>	<hr/> <hr/>

20. Analysis of Net Funds	1 January 2012	Cashflow	31 December 2012
	€	€	€
Net Cash:			
Cash at bank in and hand	5,964,588	(819,453)	5,145,135
Overdrafts and Loans	(1,100,398)	306,539	(793,859)
	<hr/>	<hr/>	<hr/>
	4,864,190	(512,914)	4,351,276
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 21. Related Party Transaction

Included in Legal fees is an amount of €20,603 including VAT paid to the legal representatives of the former CEO, Mr George McNeice, under the terms of the settlement agreement.

#### 22. Comparative Figures

Where necessary comparative figures have been regrouped on a basis consistent with the current year.

#### 23. Approval of the Financial Statements

The financial statements were approved by the Management Committee on the 06 March 2013.



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**THE IRISH MEDICAL ORGANISATION**  
**Management Information**  
**for the Year Ended 31 December 2012**

**SCHEDULE 1**

<b>Publishing Contribution</b>	<b>2012</b>	<b>2011</b>
	<b>€</b>	<b>€</b>
Income	128,729	122,207
Printing and Editorial Costs	(54,828)	(68,254)
Wages	(32,458)	(32,458)
Postage and Stationery	(31,896)	(30,789)
Write off uncollectable income	(152,000)	–
Publishing Contribution	<u>(142,453)</u>	<u>(9,294)</u>

(This page does not form part of the audited financial statements.)





## THE IRISH MEDICAL ORGANISATION

### Year Ended 31 December 2012

### Management Information

SCHEDULE 2	IMO	Fitzserv t/a IMOFs	IMA	Total	Total
	€	€	€	2012 €	2011 €
<b>INCOME</b>					
Subscriptions	3,307,708			3,307,708	3,614,452
IMOFs sales		1,781,597		1,781,597	1,965,214
Rental Income	170,004			170,004	183,550
(Less) Rent from IMOFs	(125,000)			(125,000)	(125,000)
Publishing Royalties	(26,298)			(26,298)	15,324
Interest Received	48,691	71,662		120,353	71,457
Investment income	1,400	(17,249)	600	(15,249)	(6,136)
Publishing Contribution	(142,453)			(142,453)	(9,294)
	<u>3,234,052</u>	<u>1,836,010</u>	<u>600</u>	<u>5,070,662</u>	<u>5,709,567</u>
<b>EXPENDITURE</b>					
Wages and salaries	1,445,681	297,980		1,743,661	1,981,330
Employers PRSI	180,299	33,819		214,118	191,548
Staff Pensions	275,345	16,891		292,236	370,175
Directors remuneration		139,000		139,000	158,577
Directors Pension		18,000		18,000	18,000
Staff training and development	8,245	2,215		10,460	2,799
Rates	29,057	3,084		32,141	28,982
Light and heat	22,019	8,245		30,264	31,186
Insurance	15,659	16,841		32,500	31,830
Repairs and maintenance	59,607	8,655		68,262	65,119
Printing, Postage & Stationery	121,100	40,237		161,337	152,073
Advertising	5,476	44,121		49,597	89,501
Telephone	25,671	13,676		39,347	48,770
Computerisation	120,159	192,090		312,249	334,224
Travel and branch meeting expenses	139,571	40,871		180,442	218,214
International affairs	78,653			78,653	80,863
Professional fees	101,291	315,530		416,821	245,461
Legal fees	(431,064)	21,248		(409,816)	138,550
Audit	18,450	12,708	4,305	35,463	35,393
Accountancy	25,227	16,944		42,171	40,259
Bank charges	8,386	860		9,246	10,574
Corporate Events	82,503			82,503	111,221
Strategic planning and restructuring	73,800			73,800	63,692
Subscriptions and donations	36,670	4,696		41,366	42,518
Depreciation	256,256	31,805		288,061	299,429
(Profit) on Disposal Fixed Assets	0			0	(18,112)
Lease interest	3,330	1,733		5,063	6,332
Loan Interest	11,187			11,187	25,316
	<u>2,712,578</u>	<u>1,281,249</u>	<u>4,305</u>	<u>3,998,132</u>	<u>4,803,824</u>

(This page does not form part of the audited financial statements)



## THE IRISH MEDICAL ORGANISATION

### Summary Balance Sheet as at 31 December 2012

	2012 €	2011 €
<b>FIXED ASSETS</b>		
Tangible Assets	260,814	293,783
Deposit with the Court of Justice	10,640	10,640
	<hr/>	<hr/>
	271,454	304,423
<b>FINANCIAL ASSETS</b>		
Investments	91,562	91,562
	<hr/>	<hr/>
	363,016	395,985
<b>CURRENT ASSETS</b>		
Debtors	2,835,841	5,767,882
Cash & Bank Balances	2,009,599	2,427,987
	<hr/>	<hr/>
	4,845,440	8,195,869
<b>CURRENT LIABILITIES</b>		
Creditors (amounts falling due within one year)	(3,119,460)	(2,613,858)
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	1,725,980	5,582,011
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	2,088,996	5,977,996
<b>LIABILITIES</b>		
Creditors (amounts falling due after more than one year)	(2,688,044)	(16,820)
	<hr/>	<hr/>
	(599,048)	5,961,176
	<hr/> <hr/>	<hr/> <hr/>
<b>FINANCED BY</b>		
Accumulated Revenue (Deficit)/Surplus	(599,048)	5,961,176
	<hr/>	<hr/>
Members' (Deficit)/Funds	(599,048)	5,961,176
	<hr/> <hr/>	<hr/> <hr/>

(This page does not form part of the audited financial statements.)



**FITZSERV CONSULTANTS LIMITED T/A IMOFS**  
**Summary Balance Sheet as at 31 December 2012**

	<b>2012</b>	<b>2011</b>
	€	€
<b>FIXED ASSETS</b>		
Tangible Assets	44,477	70,173
Investments	694,353	246,785
	<hr/>	<hr/>
	738,830	316,958
	<hr/>	<hr/>
<b>CURRENT ASSETS</b>		
Debtors	360,593	335,521
Cash & Bank Balances	2,900,931	3,154,236
Client Bank account balances	234,605	382,365
	<hr/>	<hr/>
	3,496,129	3,872,122
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Creditors (amounts falling due within one year)	(112,281)	(269,146)
Client Premium amounts due	(234,605)	(382,365)
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	3,149,243	3,220,611
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT</b>		
<b>LIABILITIES</b>	3,888,073	3,537,569
Creditors (amounts falling due after more than one year)	–	(2,611)
	<hr/>	<hr/>
	3,888,073	3,534,958
	<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL &amp; RESERVES:</b>		
Share capital	1,283	1,283
Profit and loss account	3,886,790	3,533,675
	<hr/>	<hr/>
Shareholders' funds	3,888,073	3,534,958
	<hr/> <hr/>	<hr/> <hr/>

(This page does not form part of the audited financial statements.)



**THE IRISH MEDICAL ASSOCIATION LIMITED**  
(A Company Limited by Guarantee and not having a Share Capital)  
**Summary Balance Sheet as at 31 December 2012**

	<b>2012</b>	<b>2011</b>
	€	€
<b>FIXED ASSETS</b>		
Tangible Assets	3,519,000	7,803,670
Investments	18,537	18,671
	<hr/>	<hr/>
	3,537,537	7,822,341
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Creditors (amounts falling due within one year)	(5,777,547)	(5,442,902)
	<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)</b>	(5,777,547)	(5,442,902)
	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	(2,240,010)	2,379,439
Creditors (amounts falling due after more than one year)	(787,977)	(1,087,977)
	<hr/>	<hr/>
	(3,027,987)	1,291,462
	<hr/>	<hr/>
<b>CAPITAL &amp; RESERVES:</b>		
Revaluation reserve	-	1,321,379
Profit and loss account	(3,027,987)	(29,917)
	<hr/>	<hr/>
Members (Deficit)/Funds	(3,027,987)	1,291,462
	<hr/>	<hr/>

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