

The Medical Council
Report and Financial Statements
for the year ended 31 December 2008

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COUNCIL MEMBERS AND OTHER INFORMATION

President	Professor Kieran Murphy	
Vice President	Dr Anna Clarke	
Acting Chief Executive	Mr Marcus Balfe	
Council from July 2008	Professor Kieran Murphy Mr Jon Billings Mr Brendan Broderick Professor Gerard Bury Dr Regina Connolly Professor Anthony Cunningham Dr Pauline Kane Professor Damien McLoughlin Dr John Monaghan Ms Marie Murray Dr Daniel O'Hare Dr John O'Mullane Professor James Slevin	Dr Anna Clarke Dr Richard Brennan Ms Katharine Bulbulia Ms Anne Carrigy Ms Mary Culliton Professor Paul Finucane Dr Deirdre Madden Mr Frank McManus Ms Margaret Murphy Professor Diarmuid O'Donoghue Dr David O'Keeffe Professor William Powderly

The above Council members term of office began on 3rd July 2008 when the 7th Council took office.

Council to July 2008	The term of the 6 th Council ceased on 3 rd July 2008 and the members were as follows:	
	Dr Colm Quigley Dr Ailis Ni Riain Dr P Anthony Carney Dr Miriam Hogan Professor J A B Keogh Dr Aasam Ishtiaq Professor Ian Graham Dr Eamonn P J McGuinness Ms Mary Gilsenan Dr Michael Hurley Dr Bernard Ruane Ms Mary Rose Carroll Professor David Kerins	Mr Hugh Bredin Mr J Brendan Healy Professor Anthony Cunningham Dr J Conor O'Keane Dr Anna Clarke Professor Arthur Tanner Dr Declan Sugrue Dr Deirdre Madden Ms Margo Topham Professor Kieran Murphy Dr John Hillery Professor William Powderly

Offices	Kingram House Kingram Place Dublin 2
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Auditors	Comptroller & Auditor General Dublin Castle Dublin 2
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THE MEDICAL COUNCIL

Bankers

Bank of Ireland
Rathmines Road
Rathmines
Dublin 6

Solicitors

McDowell Purcell
The Capel Building
Mary's Abbey
Dublin 7

COUNCIL'S REPORT

The Council present their report and the audited financial statements for the year ended 31 December 2008.

Principal Activity

The Council is the statutory body for the registration and regulation of doctors engaged in medical practice.

The object of Council is to protect the public by promoting and better ensuring high standards of professional conduct and professional education, training and competence among registered medical practitioners.

Review of Developments in the Year

The New Medical Practitioners Act 2007 was commenced during the period. The Medical Practitioners Act 2007 (the Act) radically reforms the regulation of the medical profession in Ireland. It provides for the registration and control of medical practitioners; amends the membership and functions of the Irish Medical Council (IMC); and obligates the IMC to establish various committees to consider complaints made against practitioners.

The 7th Medical Council took office on 3rd July 2008.

The new Council has set up a number of committees, sub- committees and working groups as follows:

Professional Development Committee

- Clinical Training Sites Working Group
- Intern Working Group
- Professional Competence Schemes Working Group
- Postgraduate Training Working Group
- Basic Medical Qualifications Working Group

Preliminary Proceedings Committee

Fitness to Practice Committee

Standards in Practice Committee

- Health Sub-Committee
- Ethics Working Group
- Monitoring Working Group
- Professional Competence Assessment Working Group
- Registration Working Group

Audit Committee

- Corporate Governance Working Group
- Remuneration Working Group
- Finance Working Group

Nominations Sub-Committee

Research & Public Affairs Working Group

COUNCIL'S REPORT (CONTINUED)

The income and expenditure account and the balance sheet for the year ended 31 December 2008 are set out on pages 15 and 17.

The Council had 318 complaints in 2008 with 29 cases resulting in inquiries. In 2007, 24 inquiries were held over 16 days, of which 22 were completed by 31 December 2007.

All sections of the new Act have been commenced with the exception of section 11 dealing with Professional Competence which is expected to be commenced in May 2010.

The new Act requires a register consisting of the following four divisions:-

- Trainees Specialist Division
- Specialist Division
- General Division
- Visiting EEA Practitioners Division

This new register commenced in March 2009.

The Council has signed a lease agreement for new premises at Kingram Place, Dublin 2. A share purchase option agreement to purchase the company that owns the new premises at Kingram Place formed part of this arrangement.

Following a public procurement process the design and fit out of Kingram House took place and the move to the new premises has now taken place. The additional space in Canal House will be rented until December 2009. Professional advice is being sought in regard to the use/disposal of Lynn House.

The purchase of a new computer system was approved and after a procurement process the new system is in the process of being commissioned. This is expected to continue during 2009.

Mr John Lamont, the Chief Executive Officer of the Medical Council retired from his position in October 2009.

Council Members

The 7th Council took office in July 2008. The membership of the Council is as set out on page 3.

The Council comprises of 25 members, appointed in accordance with Section 7 (1) to (8) of the Medical Practitioners Act 2007.

Future Developments

The number of inquiries which remain to be heard as at 31 December 2008 is 22. These inquiries are estimated to be at hearing for 16 days and will involve significant costs in the coming financial year.

The fit-out of Kingram House will be completed in 2009 and all aspects of the business of the Medical Council will be transferred to Kingram House. Kingram House has been fitted out to a high level of technology designed to facilitate the holding of public inquiries as required under the Act.

Preparations are continuing for the implementation of the sections of the Act pertaining to Education and Training and the Maintenance of Professional Competence.

The implementation of the new computer system will continue with some parts implemented in 2009 and the main elements going live in early 2010.

THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2008

COUNCIL'S REPORT (CONTINUED)

Internal Audit

Council has an internal audit function which it outsources to Mazars, Chartered Accountants and Registered Auditors.


Books of Account

To ensure that proper books and accounting records are kept, the Council has established an internal finance department and have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the Council's office at Kingram House, Kingram Place, Dublin 2.

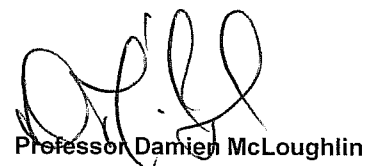
Approved by the Council and signed on its behalf by



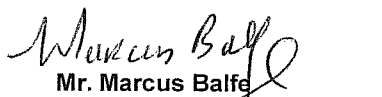
Professor Kieran Murphy
President



Dr. Anna Clarke
Vice President



Professor Damien McLoughlin
Chairman of the Audit Committee



Mr. Marcus Balfe
Acting Chief Executive Officer

Dated: 20th September 2010

THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2008

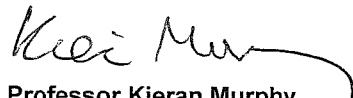
STATEMENT OF COUNCIL RESPONSIBILITIES

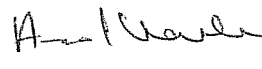
Section 32 of The Medical Practitioners Act 2007 requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Council and of the income and expenditure for that year. In preparing these financial statements, the Council is required to:


- select suitable accounting policies and 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 Council will continue in operation.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.


The Council is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Council and which will enable it to ensure that the financial statements comply with Section 32 of the Medical Practitioners Acts 2007. The Council is also responsible for safeguarding the assets of the Council and hence taking reasonable steps for the prevention of fraud and other irregularities.

Approved by the Council and signed on its behalf by


Professor Kieran Murphy
President


Dr. Anna Clarke
Vice President


Professor Damien McLoughlin
Chairman of the Audit Committee


Mr. Marcus Balfe
Acting Chief Executive Officer

Dated: 20th September 2010

STATEMENT ON INTERNAL FINANCIAL CONTROL

Responsibility for system of internal financial control

On behalf of the Council I acknowledge our responsibility for ensuring that an appropriate system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Council has taken steps to ensure an appropriate control environment by:

- Establishing a dedicated Audit Committee chaired by a council member other than the President;
- Clearly defining management responsibilities and powers;
- Appointment of internal auditors;
- Developing a culture of accountability at all levels of the organisation.

The Council has established processes to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the organisation including the extent and categories which it regards acceptable;
- Assessing the likelihood of identified risks occurring;
- Working closely with the Department of Health & Children and other Government departments and agencies to ensure support for achieving the goals of the Medical Council.

The system of internal financial control is based on a framework of regular management information, administration procedures including segregation of duties and a system of delegation and accountability. In particular it includes:

- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Council;
- Regular reviews by the Council of periodic and annual financial reports which indicate performance against forecasts;
- Setting targets to measure financial and other performance;
- Compliance with public procurement policies and directives.
- An Internal Audit function which has been in place since 2005. The Internal Auditors operate in accordance with the Framework Code of Practice for the Governance of State Bodies. The function is overseen by the Audit Committee (previously the Finance & Governance Committee) which was established on 30th October 2008.

During the year ended 31st December 2008 the following controls were reviewed/implemented:

- Monthly management accounts with explanation of significant deviations from budget;
- Annual Accounts for 2007 with explanation of significant variances;
- Annual budget plan for 2009;
- Implementation of the recommendations of the review of registration procedures;
- Update of the purchasing limit controls.


THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2008

**STATEMENT ON INTERNAL FINANCIAL CONTROL
(CONTINUED)**

The Council did not conduct a review of the effectiveness of internal financial control for the year ended 31 December 2008. A review was completed in 2009.

Signed on behalf of the Medical Council

A handwritten signature in black ink, appearing to read 'Kieran Murphy', with a long horizontal flourish extending to the right.

Professor Kieran Murphy

President

Dated: 20th September 2010

THE MEDICAL COUNCIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MEDICAL COUNCIL

THE MEDICAL COUNCIL

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of The Medical Council for the year ended 31 December 2008 under the Medical Practitioners Act 2007.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes.

Respective Responsibilities of the Council and the Comptroller and Auditor General

The Medical Council is responsible for preparing the financial statements in accordance with the Medical Practitioners Act 2007 and for ensuring the regularity of transactions. The Medical Council prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Council are set out in the Statement of Council Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Council's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a

THE MEDICAL COUNCIL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MEDICAL COUNCIL

test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Remuneration of the Chief Executive

The terms and conditions, including those relating to remuneration, upon which the Chief Executive holds office are determined by the Council with the approval of the Minister for Health and Children. No formal approval of the remuneration of the former Chief Executive had been given at the date of this audit report.

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of Council's affairs at 31 December 2008 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by Council. The financial statements are in agreement with the books of account.



John Buckley
Comptroller and Auditor General
21 October 2010

ACCOUNTING POLICIES

for the year ended 31st December 2008

Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention as modified by the revaluation of land and buildings and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets 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 tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Buildings	-	2% straight line
Office equipment	-	20% straight line
Fixtures and fittings	-	12.5% straight line
Computer equipment	-	33.3% straight line

The premises at Lynn House are subject to a policy of revaluation every 5 years with an interim valuation in year 3 per FRS 15 Accounting for Fixed Assets. The premises were valued at an open market basis at 31 December 2008 (Note 4).

It is the policy of the Medical Council to revalue its Artwork fixed assets every 5 years.

Investments

Investments held as fixed assets are stated at their market value. Any surplus or deficiency is accounted for through the income and expenditure account. Income from investments together with any related withholding tax is recognised in the income and expenditure account in the year in which it is receivable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions, during the year, which are denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction. The resulting exchange differences are dealt with in the income and expenditure account.

Income

Fees, other than retention fees, are recognised as income in the year in which they are received. Retention fees are charged annually in respect of practitioners who apply to continue on the Council's register. Retention fees and other income are recognised as income in the year to which they relate. Full provision is made for retention fees received relating to periods after the year end.

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31st December 2008

Pensions

Medical Council operates a defined benefit scheme which is funded annually on a pay as you go basis from monies available to it and from contributions deducted from staff salaries.

Pension Scheme liabilities are measured on an actuarial basis using the projected unit method.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are retained by Medical Council.

Actuarial gains and losses arise from changes in actuarial assumptions and from experience surpluses and deficits and are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur.

Pension liabilities represent the present value of future pension payments earned by staff to date.

This is the first year the provisions of FRS 17 have been adopted. The 2007 figures have been restated to reflect this adoption.

THE MEDICAL COUNCIL

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 December 2008

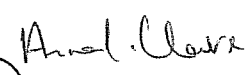
	Notes	2008 €	Restated 2007 €
Income			
Retention fees		6,592,660	5,764,516
Registration fees		1,684,645	1,870,175
Miscellaneous income	1	184,904	139,554
Total income		8,462,209	7,774,245
Expenditure			
Wages and salaries	3	2,861,015	2,318,564
Pension Costs	10	578,092	674,307
Council and meeting expenses		484,027	339,696
Staff recruitment, training and education		49,348	73,011
Rent and rates		1,112,818	40,868
Legal expenses		1,376,549	1,545,037
General administration		763,993	636,307
Consultancy and other professional fees		300,135	258,181
Finance charges		107,972	88,775
Audit fees		13,950	20,645
Depreciation		224,099	195,930
Total Expenditure		(7,871,998)	(6,191,321)
Operating Surplus		590,211	1,582,924
Interest receivable		464,501	383,789
Investment income		45,268	56,850
Diminution in value of investments		(646,861)	(187,136)
Surplus for the year	11	453,119	1,836,427


The results for the year refer to continuing operations.

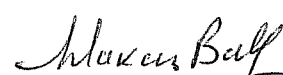
The Statement of Accounting Policies, Cash Flow Statement and the notes on pages 19-25 form part of the financial statements.

Approved by the Council and signed on its behalf by


Professor Kieran Murphy
President


Dr. Anna Clarke
Vice President


Professor Damien McLoughlin
Chairman of Audit Committee


Mr. Marcus Balfe
Acting Chief Executive Officer

Dated: 20th September 2010

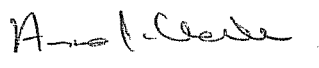
Statement of Total Recognised Gains and Losses


for the year ended 31 December 2008


	Notes	2008 €	Restated 2007 €
Surplus for the year	11	453,119	1,836,427
Actuarial loss on pension liabilities	10	(629,000)	(283,000)
Revaluation gain on fixtures & fittings	5	57,156	-
Revaluation loss on buildings	5	(3,480,000)	-
Total Recognised Gains and Losses for the year		(3,598,725)	1,553,427
Prior year adjustment	11	(7,724,803)	-
Total Gains and Losses since last annual report		(11,323,528)	1,553,427

Approved by the Council and signed on its behalf by


Professor Kieran Murphy
 President


Dr. Anna Clarke
 Vice President


Professor Damien McLoughlin
 Chairman of the Audit Committee


Mr. Marcus Balf
 Acting Chief Executive Officer

Dated: 20th September 2010

THE MEDICAL COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2008


BALANCE SHEET

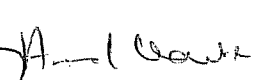
as at 31 December 2008


	Notes	2008 €	Restated 2007 €
Fixed Assets			
Tangible assets	5	3,415,821	6,765,296
Financial assets	6	2,208,695	2,793,034
		<u>5,624,516</u>	<u>9,558,330</u>
Current Assets			
Debtors	7	998,582	153,550
Cash at bank and in hand		12,615,448	11,724,100
		<u>13,614,030</u>	<u>11,877,650</u>
Creditors: Amounts falling due within one year	8	<u>(5,026,266)</u>	<u>(4,824,975)</u>
Net Current Assets		<u>8,587,764</u>	<u>7,052,675</u>
Total Assets less Current Liabilities Before Pensions		<u>14,212,280</u>	<u>16,611,005</u>
Pension Liabilities	10	<u>(9,500,000)</u>	<u>(8,300,000)</u>
Net Assets		<u>4,712,280</u>	<u>8,311,005</u>
Capital and Reserves			
Revaluation reserve	11	1,499,267	5,031,949
Accumulated surplus	11	12,142,013	11,579,056
Pension reserve	11	<u>(8,929,000)</u>	<u>(8,300,000)</u>
Total		<u>4,712,280</u>	<u>8,311,005</u>

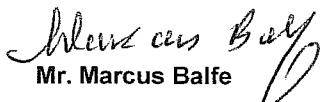
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Approved by the Council and signed on its behalf by


Professor Kieran Murphy
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Vice President


Professor Damien McLoughlin
Chairman of the Audit Committee


Mr. Marcus Balfe
Acting Chief Executive Officer

Dated: 20th September 2010

CASH FLOW STATEMENT

for the year ended 31st December 2008

Reconciliation of surplus for the year to net cash inflow from operating activities

	2008	Restated 2007
	€	€
Surplus for the year	453,119	1,836,427
Difference between pension paid and pension charge	571,000	717,000
Interest received	(464,501)	(383,789)
Depreciation	224,099	195,930
Increase in debtors	(845,032)	(21,279)
Increase in creditors	201,291	403,923
Diminution in investments	646,861	187,136
Investment income	(45,268)	(56,850)
Management fee	27,461	29,116
Net cash inflow from operating activities	769,030	2,907,614

	2008	Restated 2007
	€	€
Net cash inflow from operating activities	769,030	2,907,614
Return on investments		
Interest received	419,786	347,362
Capital expenditure	(297,468)	(3,641)
Deposit on building	-	(50,000)
Increase in cash	891,348	3,201,335
Net funds at beginning of year	11,724,100	8,522,765
Net funds as at 31 st December 2008	12,615,448	11,724,100
Analysis of change in net funds		
At beginning of year	11,724,100	8,522,765
Cash flows	891,348	3,201,335
Net funds as at 31 st December 2008	12,615,448	11,724,100

NOTES TO THE FINANCIAL STATEMENTS

1. MISCELLANEOUS INCOME

	2008	Restated 2007
Miscellaneous income comprises the following:	€	€
Service fees	70,575	75,698
Additional qualifications	2,644	2,640
Certificate of entry/ good standing	86,287	55,872
Legal costs recovered	24,568	4,824
Sale of register and supplement	830	520
	184,904	139,554

2. EXCESS INCOME OVER EXPENDITURE

	2008	Restated 2007
	€	€
This is stated after charging/crediting:		
Depreciation of tangible assets	224,099	195,930
Diminution in value of investments	646,861	187,136
Auditor's remuneration	13,950	20,645

3. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed during the year was 48 (2007: 39)

	2008	Restated 2007
The staff costs are comprised of:	€	€
Wages and salaries	2,651,878	2,154,967
Social welfare costs	209,137	163,597
Pension costs	578,092	674,307
	3,439,107	2,992,871

4. TAXATION

Section 32 of the Finance Act 1994 provides exemption from taxation on investment income of The Medical Council. The Medical Council is, however, not entitled to a repayment of D.I.R.T. where this has been deducted from deposit interest.

The Medical Council is a Non Commercial State Sponsored Body within the meaning of Section 227 Taxes Consolidation Act and Schedule 4 of that Act.

The Medical Council does not charge VAT on its fees and it does not reclaim VAT on its purchases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TANGIBLE FIXED ASSETS	Buildings	Office Equipment	Fixtures and fittings	Computer Equipment	Total
	€	€	€	€	€
Cost or Valuation					
As at 1 January 2008	6,750,000	267,269	367,656	1,053,492	8,438,417
Additions	-	13,076	184,952	99,440	297,468
Revaluation	(3,480,000)	-	57,156	-	(3,422,844)
	<u>3,270,000</u>	<u>280,345</u>	<u>609,764</u>	<u>1,152,932</u>	<u>5,313,041</u>
Depreciation					
As at 1 January 2008	135,000	232,624	258,829	1,046,668	1,673,121
Charge for the year	135,000	19,306	31,075	38,718	224,099
Revaluation	-	-	-	-	-
	<u>270,000</u>	<u>251,930</u>	<u>289,904</u>	<u>1,085,386</u>	<u>1,897,220</u>
Net book value					
At 31 December 2008	3,000,000	28,415	319,860	67,546	3,415,821
At 31 December 2007	<u>6,615,000</u>	<u>34,645</u>	<u>108,827</u>	<u>6,824</u>	<u>6,765,296</u>

A valuation was carried out by HT Meagher O'Reilly at 31 December 2008 and this resulted in the Lynn House property being revalued in the books of the Council from €6.75m to €3m. The property was valued on an open market basis. The historical cost of the property is €1,650,298. The Council are aware of the current developments in the property market and are keeping the matter under review.

The Medical Council has signed a five year lease agreement for its new premises Kingram House at an annual rent of €820,000. There is also an option to purchase the shareholding of Tanat Limited (incorporating Kingram House) for a fixed price. This option expires on 31st March 2011. If the Medical Council does not exercise this option then a long term lease of twenty years will be signed.

Included in prepayments is an amount of €807,000 being an upfront rent payment on the Kingram House property.

6. FINANCIAL FIXED ASSETS	2008	Restated 2007
	€	€
Listed Investments		
Cost		
At 1 January	2,793,034	2,916,009
Diminution in value of investment	(646,861)	(187,136)
Investment income	45,268	56,850
Management fee	(27,461)	(29,116)
Investment interest	<u>44,715</u>	<u>36,427</u>
At 31 December	<u>2,208,695</u>	<u>2,793,034</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. DEBTORS	2008 €	Restated 2007 €
Prepayments	998,582	153,550

8. CREDITORS	2008 €	Restated 2007 €
Amounts falling due within one year		
Trade creditors and accruals	496,177	426,815
PRSA accrual	1,721	1,612
Retention fees (Note 9)	3,555,749	3,020,926
Provision for legal costs	972,619	1,375,622
	<u>5,026,266</u>	<u>4,824,975</u>

9. RETENTION FEES

This related to fees received in respect of periods after the year end.

10. PENSION COSTS

a Analysis of total pension costs charged to Expenditure

	2008 €	Restated 2007 €
Current service costs	500,000	470,000
Interest on Pension Scheme Liabilities	450,000	400,000
Accrual Adjustments	(237,559)	(84,064)
Employee contributions	(134,349)	(111,629)
	<u>578,092</u>	<u>674,307</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b. Movement in net Pension Liability during the financial year

	2008 €	Restated 2007 €
Net Pension Liability at 1 January	8,300,000	7,300,000
Current Service Cost	500,000	470,000
Interest Costs	450,000	400,000
Actuarial loss	629,000	283,000
Pensions paid in the year	(379,000)	(153,000)
	<u>9,500,000</u>	<u>8,300,000</u>
Net Pension Liability at 31 December	<u>9,500,000</u>	<u>8,300,000</u>

c. History of defined benefit obligations

	2008 €	Restated 2007 €
Defined benefit obligations	9,500,000	8,300,000
Experience losses on scheme liabilities	<u>629,000</u>	<u>283,000</u>
Amount	<u>629,000</u>	<u>283,000</u>
Percentage of Scheme Liabilities	<u>7%</u>	<u>3%</u>

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounts to €912,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d. General Description of the Scheme

The pension schemes are defined benefit final salary pension arrangements with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (1/80th per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Average retirement age is a member's 62nd birthday. Pre 1 April 2004 the minimum pension age is 60 and the maximum retirement age is 65. For new entrants to public sector the employment appointed on or after 1 April 2004, minimum pension age is age 65 and there is no fixed retirement age. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation.

The valuation used for FRS17 (Revised) disclosures has been based on a full actuarial valuation at 31 December 2008 by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 December 2008.

The principal actuarial assumptions were as follows:

	2008	2007
Rate of increase in salaries	4.0%	4.0%
Rate of increase in pensions in payment	4.0%	4.0%
Discount Rate	5.5%	5.5%
Inflation Rate	2.0%	2.0%

Mortality basis:

PMA80 (C=2000) for males and PFA80 (C=2000) for females with a deduction of two years in each case.

e. Prior year adjustment

2008 was the first year of FRS 17 adoption for The Medical Council therefore there has been an opening balance restatement of €8.3m to the 2007 pension liability. In addition the 2007 Income and Expenditure Account and Balance Sheet have been adjusted to include the figure shown in (a) and the amended closing 2007 pension creditor of €575,197 has been written back to the Income and Expenditure Account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. RESERVES	Pension reserve €	Revaluation reserve €	Accumulated surplus €	Total €
Opening reserves	-	5,031,949	11,003,859	16,035,808
Prior year adjustment	(8,300,000)	-	575,197	7,724,803
Opening reserves restated	(8,300,000)	5,031,949	11,579,056	8,311,005
Amortisation of revaluation reserve	-	(109,838)	109,838	-
Revaluation of fixtures and fittings	-	57,156	-	57,156
Revaluation of Property	-	(3,480,000)	-	(3,480,000)
Surplus for the year	-	-	453,119	453,119
Pension Actuarial Loss for the year	(629,000)	-	-	(629,000)
At 31 December 2008	(8,929,000)	1,499,267	12,142,013	4,712,280

The prior year adjustment relates to the first time adoption by the Medical Council of FRS 17. It comprises the write back of employee contributions previously held in creditors of €575,197 and a pension reserve adjustment upon recognition of the pension liability of €8,300,000.

12(a). CAPITAL COMMITMENTS	2008 €
Details of capital commitments at the accounting date are:	
Professional fees	41,445
At 31 December 2008	41,445

There have been no contracts entered into with regard to the fit out of the new premises at the year end, however The Medical Council expect to spend in the region of €2.6m on these costs.

12(b). OPERATING LEASE COMMITMENTS

As disclosed in Note 5, The Medical Council has signed a five year lease agreement for its new premises, Kingram House, at an annual rent of €820,000. There is also an option to purchase the shareholding of Tanat Limited (incorporating Kingram House) for a fixed price. This option expires on 31 March 2011. If the Council does not exercise its option then the owners of Tanat Limited have a call option whereby the Council may be obligated to enter into a long term lease of twenty years at an annual rent of €820,000.

13. CONTINGENT LIABILITIES

A number of High Court proceedings have been taken against The Medical Council. The Council is vigorously defending the proceedings and is satisfied that they will not be successful and have not provided for any liability arising thereon. Council's costs in relation to defending the proceedings have been provided for.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Council on 20th September 2010.

THE MEDICAL COUNCIL

SUPPLEMENTARY INFORMATION

RELATING TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

NOT COVERED BY THE REPORT OF THE AUDITORS

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

Income and Expenditure Statement

for the year ended 31 December 2008

	Schedule	2008 €	2007 €
Income	1	8,462,209	7,774,245
Expenditure before pension costs	2	(7,293,906)	(5,517,014)
Pension Costs		(578,092)	(674,307)
Total Expenditure		7,871,998	6,191,321
Operating surplus		590,211	1,582,924
Interest receivable		464,501	383,789
Investment income		45,268	56,850
Diminution in value of investments		(646,861)	(187,136)
Surplus for the year		453,119	1,836,427

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

Schedule 1: Income

for the year ended 31 December 2008

	2008 €	2007 €
Registration receipts		
Retention fees	6,592,660	5,764,516
Internship	84,312	85,557
Full registration	153,285	137,000
Full registration pursuant to s.27(2)(d)	114,266	127,551
Document examination fees pursuant to s.27(2)(d)	48,860	41,635
Temporary document examination fees	171,355	193,728
Temporary registration	361,209	373,951
Service fees	70,575	75,698
E.U. full registration	152,869	173,682
Restoration to G.R.M.P.	110,633	102,977
Additional qualifications	2,644	2,640
Reciprocal registration	340,151	351,918
Certificate of entry/good standing	86,287	55,872
Specialist registration fees	147,705	282,176
	<u>8,436,811</u>	<u>7,768,901</u>
Other receipts		
Legal costs recovered	24,568	4,824
Sale of register and supplement	830	520
	<u>25,398</u>	<u>5,344</u>
Total Income	<u>8,462,209</u>	<u>7,774,245</u>

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS

Schedule 2: Expenditure

for the year ended 31 December 2008

	2008 €	2007 €
Administration Expenses		
Wages and salaries	2,861,015	2,318,564
Pension costs	578,092	674,307
Member Allowances	42,487	20,677
President's account	35,564	(19,443)
Staff training and recruitment	49,348	73,011
Meeting expenses	321,469	237,038
Competence assurance	25,115	92,175
Rent & Rates	1,112,818	40,868
Insurance	82,326	73,111
Light and heat	42,209	22,100
Repairs and maintenance	57,635	35,232
Equipment maintenance	10,498	1,436
Printing, postage and stationery	249,883	229,314
File administration and storage	44,621	42,228
Telephone and modem charges	41,186	31,949
Computer costs	122,344	145,847
Caretaking and cleaning	37,614	24,240
Legal and professional	243,987	36,427
Part V (a) inquiries	1,061,136	860,305
Part V (b) High Court & Supreme Court proceedings	54,540	640,029
Public notices	16,886	8,276
Business consultancy	185,768	123,880
Consultancy fees	114,368	134,301
Research	4,840	9,249
Audit	13,950	20,645
Credit card charges	80,511	59,659
Stockbroker fees and commission	27,461	29,116
Election 2008	54,552	-
Security	58,971	18,306
General expenses	16,705	12,544
Depreciation	224,099	195,930
Total Expenditure	7,871,998	6,191,321