

The Medical Council
Report and Financial Statements
for the year ended 31 December 2009

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COUNCIL MEMBERS AND OTHER INFORMATION

President	Professor Kieran Murphy	
Vice President	Dr Anna Clarke	
Chief Executive Officer	Ms Caroline Spillane	
Council	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 3 July 2008 when the 7th Council took office.

Offices	Kingram House Kingram Place Dublin 2
Auditors	Comptroller & Auditor General Dublin Castle Dublin 2
Bankers	Bank of Ireland Rathmines Road Rathmines Dublin 6
Solicitors	McDowell Purcell The Capel Building Mary's Abbey Dublin 7

THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2009

COUNCIL'S REPORT

The Council present their report and the audited financial statements for the year ended 31 December 2009.

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.

Established by the Medical Practitioners Act 1978 (updated in 2007), the principal functions of the Medical Council include:

- Establish and maintain the register of medical practitioners;
- Approve and review programmes of education and training necessary for the purposes of registration and continued registration;
- Specify and review the standards required for the purpose of the maintenance of professional competence of registered medical practitioners;
- Specify standards of practice for registered medical practitioners including providing guidance on all matters related to professional conduct and ethics;
- Disciplinary procedures.

The Council has a membership of 25 including both elected and appointed members. Under the provisions of the Medical Practitioners Act, 2007, the new Council is comprised of 13 non-medical members and 12 medical members representing a range of medical specialties, teaching bodies and members of the public and stakeholders, all of whose appointments have been approved by the Minister for Health and Children. The current Council's period of office is 2008 to 2013. The Medical Council is funded exclusively by the annual payments of registered doctors; no funds are received from government or other sources. The annual retention fee for a fully registered doctor has been set at €490 from 1 July 2009.

Review of Developments in the Year

Following many years in Lynn House the Medical Council undertook a move to new premises in Kingram House, Dublin 2. The move which was completed in July 2009 marks a significant milestone for the Medical Council. It has afforded the Council the opportunity to provide an enhanced working environment for staff, enables innovation and facilitates enhanced productivity. The design and layout of the new space provides the flexibility needed to continue to meet the high service levels provided to the public and profession.

During 2009 we have seen the establishment of a new single register with four Divisions which replaces that previously maintained under the Medical Practitioners Act 1978. The four Divisions of the new register are as follows:

- General Division
- Specialist Division
- Trainee Specialist Division
- Visiting EEA Division

This new register commenced in March 2009.

COUNCIL'S REPORT (CONTINUED)

Other significant developments during the year were as follows:

- A new website was designed in 2009 and was launched in 2010. Emphasis on this redesign was placed on ensuring a user friendly website for both the public and the profession.
- A quarterly e-newsletter, departing from the previous print version, was launched in 2009.
- The Seventh Edition of the Guide to Professional Conduct and Ethics for Registered Medical Practitioners was published in November 2009 following an in depth consultative process with the public, profession and stakeholders.
- A new financial system was implemented in the first quarter of 2009 which will improve financial reporting processes across the organisation. The implementation of the new registration system will continue with the main elements going live in early 2010.

The income and expenditure account and the balance sheet for the year ended 31 December 2009 are set out on pages 14 and 16.

The Council had 295 complaints in 2009 with 31 cases resulting in inquiries. In 2008, 31 inquiries were held as a result of 318 complaints.

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 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.

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 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

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

Internal Audit

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

THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2009

COUNCIL'S REPORT (CONTINUED)

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 on 18 January 2011 and signed on its behalf by



Professor Kieran Murphy
President



Ms. Caroline Spillane
Chief Executive Officer

THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF COUNCIL RESPONSIBILITIES

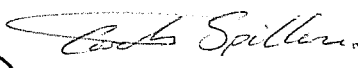
Section 32 of The Medical Practitioners Act 2007 requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Council and of the income and expenditure for that year. In preparing these financial statements, the Council is 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 on 18 January 2011 and signed on its behalf by


Professor Kieran Murphy
President


Ms. Caroline Spillane
Chief Executive Officer

Dated: 18 January 2011

THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2009

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 30 October 2008.

During the year ended 31 December 2009 the following controls were reviewed/ implemented:

- Monthly management accounts with explanation of significant deviations from budget;
- Annual Accounts for 2009 with explanation of significant variances;
- Annual budget plan for 2010;
- Internal audit performed by Mazars Accountants on internal financial controls.

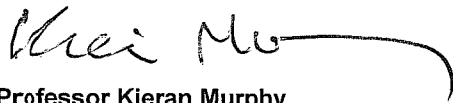
THE MEDICAL COUNCIL

FOR THE YEAR ENDED 31 DECEMBER 2009

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

The Council conducted a review of the effectiveness of the system of internal financial control for the year ended 31 December 2009.

Signed on behalf of the Medical Council



Professor Kieran Murphy

President

Dated: 18 January 2011

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 2009 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

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 2009 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
4 February 2011

ACCOUNTING POLICIES

for the year ended 31 December 2009

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 Chartered Accountants 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 and software development	- 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 31st December 2009 (Note 5).

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

Software development costs on major systems are treated as capital items and are written off over the period of their expected useful life from the date of their implementation.

Investments

Investments held as fixed assets are stated at their market value. Any surplus or deficiency is accounted for through the statement of total recognised gains and losses and the income and expenditure account respectively. 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 31 December 2009

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.

2008 was the first year the provisions of FRS 17 were adopted.

INCOME AND EXPENDITURE ACCOUNT


for the year ended 31 December 2009

	Notes	2009 €	2008 €
Income			
Retention fees		7,014,041	6,592,660
Registration fees	1	2,099,814	1,684,645
Miscellaneous income	1	302,997	184,904
Total income		9,416,852	8,462,209
Expenditure			
Wages and salaries	3	2,941,022	2,861,015
Pension Costs	3/10	1,004,445	578,092
Council and meeting expenses		395,293	484,027
Staff recruitment, training and education		88,567	49,348
Rent and rates		1,179,772	1,112,818
Legal expenses	2	1,926,954	1,376,549
General administration	2	1,036,219	763,993
Consultancy and other professional fees	2	180,143	300,135
Finance charges		37,540	107,972
Audit fees		11,000	13,950
Depreciation		487,318	224,099
Advertising		89,475	-
Total Expenditure		(9,377,748)	(7,871,998)
Operating surplus		39,104	590,211
Interest receivable		85,520	464,501
Investment income		35,253	45,268
Diminution in value of investments		-	(646,861)
Surplus for the year	11	159,877	453,119

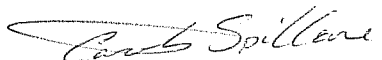
The results for the year refer to continuing operations.

The Statement of Accounting Policies, Cash Flow Statement and the notes on pages 18-25 form part of the financial statements.

Approved by the Council on 18 January 2011 and signed on its behalf by



Professor Kieran Murphy
President




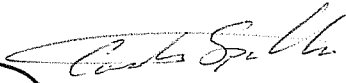
Ms. Caroline Spillane
Chief Executive Officer

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2009

	Notes	2009 €	2008 €
Surplus for the year	11	159,877	453,119
Actuarial loss on pension liabilities	10	(1,066,000)	(629,000)
Revaluation gain on investments	6	296,041	-
Revaluation gain on fixtures & fittings	5	-	57,156
Revaluation loss on buildings	5	(1,000,000)	(3,480,000)
Total Recognised Gains and Losses for the year		(1,610,082)	(3,598,725)
Prior year adjustment	10	-	(7,724,803)
Total Gains and Losses since last annual report		(1,610,082)	(11,323,528)

Approved by the Council on 18 January 2011 and signed on its behalf by



Professor Kieran Murphy **Ms. Caroline Spillane**
 President Chief Executive Officer

Dates: 18 January 2011


BALANCE SHEET

as at 31 December 2009

	Notes	2009 €	2008 €
Fixed Assets			
Tangible assets	5	4,708,792	3,415,821
Financial assets	6	2,531,996	2,208,695
		<u>7,240,788</u>	<u>5,624,516</u>
Current Assets			
Debtors	7	1,199,140	998,582
Cash at bank and in hand		10,591,599	12,615,448
		<u>11,790,739</u>	<u>13,614,030</u>
Creditors: Amounts falling due within one year	8	<u>(4,729,329)</u>	<u>(5,026,266)</u>
Net Current Assets		<u>7,061,410</u>	<u>8,587,764</u>
Total Assets less Current Liabilities Before Pensions			
Pension Liabilities	10	<u>(11,200,000)</u>	<u>(9,500,000)</u>
Net Assets		<u>3,102,198</u>	<u>4,712,280</u>
Capital and Reserves			
Revaluation reserve	11	795,308	1,499,267
Accumulated surplus	11	12,301,890	12,142,013
Pension reserve	11	<u>(9,995,000)</u>	<u>(8,929,000)</u>
Total		<u>3,102,198</u>	<u>4,712,280</u>

The Statement of Accounting Policies, Cash Flow Statement and the notes on pages 18-25 form part of the financial statements.

Approved by the Council on 18 January 2011 and signed on its behalf by


Professor Kieran Murphy
 President


Ms. Caroline Spillane
 Chief Executive Officer

Dated: 18 January 2011

CASH FLOW STATEMENT

for the year ended 31 December 2009

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

	2009	2008
	€	€
Surplus for the year	159,877	453,119
Difference between pension paid and pension charge	634,000	571,000
Interest received	(85,520)	(464,501)
Depreciation	487,318	224,099
Increase in debtors	(200,558)	(845,032)
Decrease in creditors	(296,937)	201,291
Diminution in investments	-	646,861
Investment income	(35,253)	(45,268)
Management fee	24,914	27,461
Net cash inflow from operating activities	687,841	769,030
	2009	2008
	€	€
Net cash inflow from operating activities	687,841	769,030
Return on investments		
Interest received	68,599	419,786
Capital expenditure	(2,780,289)	(297,468)
Increase/(decrease) in cash	(2,023,849)	891,348
Net funds at beginning of year	12,615,448	11,724,100
Net funds as at 31 st December 2009	10,591,599	12,615,448
Analysis of change in net funds		
At beginning of year	12,615,448	11,724,100
Cash flows	(2,023,849)	891,348
Net funds as at 31 December 2009	10,591,599	12,615,448

Approved by the Council on 18 January 2011 and signed on its behalf by



Professor Kieran Murphy
President



Ms. Caroline Spillane
Chief Executive Officer

Dated: 18 January 2011

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

1. INCOME

Income items are made up as follows:

	2009	2008
	€	€
<u>Registration fees</u>		
Internship	130,553	84,312
Full registration	381,055	153,285
Full registration pursuant to s.27(2)(d)	32,523	114,266
Document examination fees pursuant to s.27(2)(d)	10,965	48,860
Temporary document examination fees	29,495	171,355
Temporary registration	1,027,548	361,209
E.U. full registration	18,600	152,869
Restoration to G.R.M.P	32,272	110,633
Reciprocal registration	97,911	340,151
Specialist registration fees	338,892	147,705
	<hr/>	<hr/>
	2,099,814	1,684,645
	<hr/>	<hr/>
<u>Miscellaneous income</u>		
Service fees	200,795	70,575
Additional qualifications	1,950	2,644
Certificate of entry/ good standing	94,474	86,287
Legal costs recovered	5,048	24,568
Sale of register and supplement	730	830
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	302,997	184,904
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2. EXPENDITURE

Expenditure items are made up as follows:

	2009	2008
	€	€
<u>Legal Expenses</u>		
Legal and professional	235,916	243,987
Part V (a) inquiries	1,655,294	1,061,136
Part V (b) High Court & Supreme Court proceedings	33,006	54,540
Public notices	2,738	16,886
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	1,926,954	1,376,549
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

	2009	2008
	€	€
<u>General Administration</u>		
Insurance	88,706	82,326
Light and heat	88,042	42,209
Repairs and maintenance	46,579	57,635
Equipment maintenance	30,304	10,498
Printing, postage and stationery	301,102	249,883
File administration and storage	37,295	44,621
Telephone and modem charges	58,901	41,186
Computer costs	202,426	122,344
Caretaking and cleaning	57,514	37,614
Security	79,579	58,971
General expenses	45,771	16,706
	<u>1,036,219</u>	<u>763,993</u>
<u>Consultancy and other professional fees</u>		
Business consultancy	17,279	185,768
Consultancy fees	162,864	114,367
	<u>180,143</u>	<u>300,135</u>

3. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed during the year was 49 (2008: 48)

The staff costs are comprised of:

	2009	2008
	€	€
Wages and salaries	2,738,570	2,651,878
Social welfare costs	202,452	209,137
Pension costs	1,004,445	578,092
	<u>3,945,467</u>	<u>3,439,107</u>

3.1 Mr John Lamont, the Chief Executive Officer of the Medical Council retired from his position in October 2009 and received a salary of €155,743 in 2009 covering this 10 month period. Mr Lamont received a lump sum payment on retirement of €259,952 and will receive an annual pension of €82,378. The agreement between the Medical Council and Mr Lamont also provided for five years of additional pensionable service. The terms of the severance agreement were sanctioned by the Minister for Health & Children with approval from the Minister for Finance. Mr Lamont retired from his position in advance of the conclusion of his seven year fixed term contract that was due to expire in May 2011. The salary of the Acting Chief Executive Officer, Mr Marcus Balfe for the period of October to December 2009 was €17,568.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

3.2 An amount of €130,972 was deducted from staff by way of a State pension levy and was paid over to the Department of Health and Children.

3.3 Wages and salaries include an amount of €72,518 paid to staff by way of a bonus payment in 2009.

3.4 An amount of €42,000 was paid in fees to five eligible Council members in 2009 as follows:-

• Dr Richard Brennan	€8,400
• Ms Katherine Bulbulia	€8,400
• Ms Margaret Murphy	€8,400
• Mr Frank McManus	€8,400
• Dr Daniel O'Hare	€8,400

Also €38,129 was paid to all Council members in relation to reimbursable travel and subsistence expenses.

3.5 An amount of €128,092 was accrued in relation to the reimbursement to Beaumont Hospital for locum hire to cover the time spent on Council business by the Council President, Professor Kieran Murphy.

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)

for the year ended 31 December 2009

5. TANGIBLE FIXED ASSETS	Buildings	Office Equipment	Fixtures and fittings	Computer Equipment	Total
	€	€	€	€	€
Cost or Valuation					
As at 1 January 2009	3,270,000	280,345	609,764	1,152,932	5,313,041
Additions	1,452,210	5,535	785,458	537,086	2,780,289
Revaluation	(1,000,000)	-	-	-	(1,000,000)
At 31 December 2009	<u>3,722,210</u>	<u>285,880</u>	<u>1,395,222</u>	<u>1,690,018</u>	<u>7,093,330</u>
Depreciation					
As at 1 January 2009	270,000	251,930	289,904	1,085,386	1,897,220
Charge for the year	92,944	8,008	174,403	211,963	487,318
Revaluation	-	-	-	-	-
At 31 December 2009	<u>362,944</u>	<u>259,938</u>	<u>464,307</u>	<u>1,297,349</u>	<u>2,384,538</u>
Net book value					
At 31 December 2009	<u>3,359,266</u>	<u>25,942</u>	<u>930,915</u>	<u>392,669</u>	<u>4,708,792</u>
At 31 December 2008	<u>3,000,000</u>	<u>28,415</u>	<u>319,860</u>	<u>67,546</u>	<u>3,415,821</u>

A valuation was carried out by HT Meagher O'Reilly at 31 December 2009 and this resulted in the Lynn House property being revalued in the books of the Council from €3m to €2m. 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 31 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

	2009	2008
	€	€
Listed Investments		
Cost		
At 1 st January	2,208,695	2,793,034
Increase/(diminution) in value of investment	296,041	(646,861)
Investment income	35,253	45,268
Management fee	(24,915)	(27,461)
Investment interest	16,922	44,715
At 31 st December	<u>2,531,996</u>	<u>2,208,695</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2009

7. DEBTORS	2009	2008
	€	€
Prepayments and other debtors	<u>1,199,140</u>	<u>998,582</u>
8. CREDITORS	2009	2008
Amounts falling due within one year	€	€
Trade creditors and accruals	1,144,065	496,177
PRSA accrual	(35)	1,721
Retention fees (Note 9)	3,458,293	3,555,749
Provision for legal costs	<u>127,006</u>	<u>972,619</u>
	<u>4,729,329</u>	<u>5,026,266</u>

The movement in the provision for legal costs represents payments made during 2009 associated with a number of cases that were settled during that period.

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

	2009	2008
	€	€
Current service costs	600,000	500,000
Interest on Pension Scheme Liabilities	520,000	450,000
Accrual Adjustments	-	(237,559)
Employee contributions	<u>(115,555)</u>	<u>(134,349)</u>
	<u>1,004,445</u>	<u>578,092</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31December 2009

b. Movement in net Pension Liability during the financial year

	2009 €	2008 €
Net Pension Liability at 1January	9,500,000	8,300,000
Current Service Cost	600,000	500,000
Interest Costs	520,000	450,000
Actuarial loss	1,066,000	629,000
Pensions paid in the year	(486,000)	(379,000)
	<u>11,200,000</u>	<u>9,500,000</u>
Net Pension Liability at 31December	<u>11,200,000</u>	<u>9,500,000</u>

c. History of defined benefit obligations

	2009 €	2008 €
Defined benefit obligations	11,200,000	9,500,000
Experience losses on scheme liabilities Amount	<u>50,000</u>	<u>629,000</u>
Percentage of Scheme Liabilities	<u>(0.4%)</u>	<u>7%</u>

The cumulative actuarial loss recognised in the Statement of Total Recognised Gains and Losses amounts to €1,066,000.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31December 2009

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 31st December 2009 by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31December 2009.

The principal actuarial assumptions were as follows:

	2009	2008
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. Revised FRS17 Disclosures

The information on pensions has been presented in line with new disclosure requirements required from 2008 under an amendment of FRS 17.

f. Prior year adjustment

2008 was the first year of FRS 17 adoption by The Medical Council resulting in a prior year adjustment for that year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31December 2009

11. RESERVES	Pension reserve €	Revaluation reserve €	Accumulated surplus €	Total €
1January 2009	(8,929,000)	1,499,267	12,142,013	4,712,280
Revaluation of investments	-	296,041	-	296,041
Revaluation of Property	-	(1,000,000)	-	(1,000,000)
Surplus for the year	-	-	159,877	159,877
Pension Actuarial Loss for the year	(1,066,000)	-	-	(1,066,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31December 2009	(9,995,000)	795,308	12,301,890	3,102,198
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12(a). CAPITAL COMMITMENTS	2009 €
Details of capital commitments at the accounting date are:	
Building fit out costs	38,905
	<hr/>
At 31December 2009	38,905
	<hr/> <hr/>

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 31March 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.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Council on 18 January 2011.