

PRISON OFFICERS MEDICAL AID SOCIETY
ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010

UNIT FOR
APPROVAL

BUSINESS INFORMATION

Auditors

The Leinster Partnership
Naas Town Centre, Sallins Road
Naas
Co Kildare

Business address

397E North Circular Road
Dublin 7

Bankers

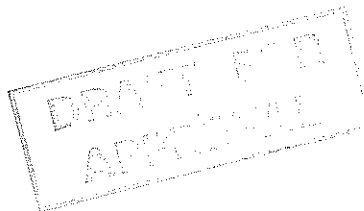
Bank of Ireland plc
Phibsborough
Dublin 7

KBC Bank Limited
Sandwith Street
Dublin 2

Solicitors

Matheson Ormsby Prentice
30 Herbert Street
Dublin 2

McMahon Goldrick Solicitors
130-132, The Capel Building
Mary's Abbey
Dublin 7



CONTENTS

	Page
Auditors' report	1 - 2
Trustees' report	3
Income and expenditure account	4
Balance sheet	5
Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Notes to the accounts	8 - 10

DRAFT FOR APPROVAL

PRISON OFFICERS MEDICAL AID SOCIETY

AUDITORS' REPORT

TO THE MEMBERS OF PRISON OFFICERS MEDICAL AID SOCIETY

This report is made solely to the society's members. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members for our audit work, for this report, or for the opinions we have formed.

We have audited the financial statements on pages 4 to 10 which comprise the income and expenditure account, balance sheet and related notes. These financial statements have been prepared under the historical cost convention, and the accounting policies set out therein.

Responsibilities of the trustees and auditors

As described in the Statement of Trustees' Responsibilities on page 3 the society's trustees are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the 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, in accordance with Generally Accepted Accounting Practice in Ireland, and comply with the provision of the Friendly Societies Regulations 1896 to 2002. We also report to you whether in our opinion proper books of account have been kept by the society and whether the information given in the Chairman's report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the society's balance sheet and its income and expenditure account are in agreement with the books of account.

We read the Chairmans report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the society'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.

AUDITORS' REPORT(CONTINUED)
TO THE MEMBERS OF PRISON OFFICERS MEDICAL AID SOCIETY

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 society's affairs as at 31 December 2010 and of the income and expenditure for the year then ended and comply with the provisions of the Friendly Societies Regulations 1896 to 2002.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the society. The financial statements are in agreement with the books of account.

In our opinion, the information given in the Chairman's report is consistent with the financial statements.

The Leinster Partnership
The Leinster Partnership

22-2-2011

Registered Auditors
Naas Town Centre, Sallins Road
Naas
Co Kildare

DRAFT FOR
APPROVAL

PRISON OFFICERS MEDICAL AID SOCIETY

TRUSTEES' REPORT TO PRISON OFFICERS MEDICAL AID SOCIETY

Responsibilities of the Trustees

The trustees are responsible for preparing the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in Ireland including accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland.

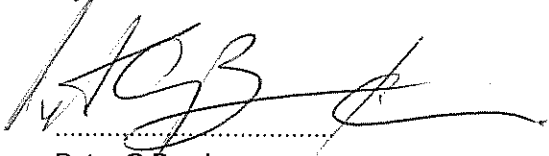
The trustees are required to prepare financial statements for each financial year which present fairly the state of affairs of the society and its income and expenditure for the year.

In preparing those statements, the trustees are required to:

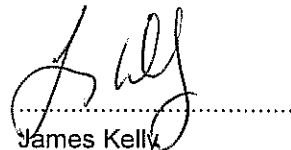
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are responsible and prudent;
- prepare the financial statements on going concern basis unless it is inappropriate to presume the Society will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the society and to enable them to ensure that the financial statements comply with the provisions of the Friendly Societies Regulations 1896 to 2002. They are also responsible for safeguarding the assets of the society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the committee



Peter G Bracken
Secretary



James Kelly
Treasurer

Date : 22-2-2011

**DETAILED INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2010**

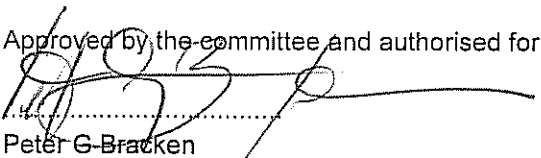
	2010	2009
	€	€
Income		
Subscriptions	11,106,270	9,617,955
Benefit claims	10,027,904	10,648,820
	<u>10,027,904</u>	<u>10,648,820</u>
	(10,027,904)	(10,648,820)
Surplus/(deficit)	1,078,366	(1,030,865)
Administrative expenses		
Staff costs	222,597	237,016
Health authority levy	15,419	13,492
Microfilming	12,663	16,858
Insurance	514	482
Canteen and cleaning	2,498	2,440
Printing and office supplies	5,632	7,209
Computer maintenance	3,346	3,658
Telephone and postage	28,302	24,293
Travel and subsistence	24,861	35,628
Legal fees	90,102	138,254
Consultancy fees	5,627	18,687
Audit fees	7,230	7,259
Bank interest and charges	11,116	10,575
Sundry expenses	2,484	2,765
Depreciation on office equipment	4,857	8,017
	<u>(437,248)</u>	<u>(526,633)</u>
Surplus/(deficit) on underwriting	641,118	(1,557,498)
Other income		
Investment income	15	615
Interest payable		
Loan interest	53,365	40,118
Loan fees	11,340	15,000
	<u>(64,705)</u>	<u>(55,118)</u>
	576,428	(1,612,001)
Grant in aid		
Grant in aid written off	(1,919,744)	(1,373,256)
Surplus/(deficit) for the year	<u>(1,343,316)</u>	<u>(2,985,257)</u>

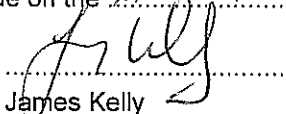
BALANCE SHEET
AS AT 31 DECEMBER 2010

	Notes	2010 €	€	2009 €	€
Fixed assets					
Tangible assets	2		11,057		14,650
			<u>11,057</u>		<u>14,650</u>
Current assets					
Investments	3	10,000,000		10,000,000	
Debtors and prepayments		238,761		2,086,173	
Cash at bank and in hand		403,588		915,833	
		<u>10,642,349</u>		<u>13,002,006</u>	
Current liabilities					
Bank loans and overdrafts		700,000		1,781,020	
Creditors and accruals		4,505,249		4,444,163	
		<u>5,205,249</u>		<u>6,225,183</u>	
Net current assets			<u>5,437,100</u>		<u>6,776,823</u>
Net worth			<u>5,448,157</u>		<u>6,791,473</u>
Represented by:					
General reserve			3,508,716		4,852,032
Reserve for medical aid			1,874,441		1,874,441
Reserve for management expenses			65,000		65,000
			<u>5,448,157</u>		<u>6,791,473</u>
Retained reserves			<u>5,448,157</u>		<u>6,791,473</u>

DRAFT FOR APPROVAL

Approved by the committee and authorised for issue on the 22-2-2011


 Peter G-Bracken
 Secretary


 James Kelly
 Treasurer

Date : 22-2-2011

PRISON OFFICERS MEDICAL AID SOCIETY**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2010**

	€	2010 €	€	2009 €
Net cash inflow/(outflow) from underwriting activities		634,729		(835,289)
Returns on investments and servicing of finance				
Interest received	15		615	
Loan fees	(11,340)		(15,000)	
Interest paid	(53,365)		(40,118)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		(64,690)		(54,503)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(1,264)		(10,088)	
Net cash inflow/(outflow) for capital expenditure		(1,264)		(10,088)
Net cash inflow/(outflow) before management of liquid resources and financing		568,775		(899,880)
Financing				
New short term bank loan	500,000		1,500,000	
Repayment of short term bank loan	(1,336,635)		36,635	
Increase/(decrease) in debt		(836,635)		1,536,635
Increase/(decrease) in cash in the year		(267,860)		636,755

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

1	Reconciliation of surplus/(deficit) on underwriting to net cash inflow/(outflow) from underwriting activities	2010	2009
		€	€
	Surplus/(deficit) on underwriting	641,118	(1,557,498)
	Depreciation of tangible assets	4,857	8,017
	Decrease/(increase) in debtors	1,847,412	1,409,908
	(Decrease)/increase in creditors	61,086	677,540
	Grant in aid written off	(1,919,744)	(1,373,256)
	Net cash inflow/(outflow) from underwriting activities	<u>634,729</u>	<u>(835,289)</u>

2	Analysis of net debt	1 January 2010	Cash flow	Other non-cash changes	31 December 2010
		€	€	€	€
	Net cash:				
	Cash at bank and in hand	915,833	(512,245)	-	403,588
	Bank overdrafts	(244,385)	244,385	-	-
		<u>671,448</u>	<u>(267,860)</u>	<u>-</u>	<u>403,588</u>
	Debt:				
	Debts falling due within one year	(1,536,635)	836,635	-	(700,000)
	Net debt	<u>(865,187)</u>	<u>568,775</u>	<u>-</u>	<u>(296,412)</u>

3	Reconciliation of net cash flow to movement in net debt	2010	2009
		€	€
	(Decrease)/increase in cash in the year	(267,860)	636,755
	Cash outflow/(inflow) from decrease/(increase) in debt	836,635	(1,536,635)
	Movement in net debt in the year	<u>568,775</u>	<u>(899,880)</u>
	Opening net (debt)/funds	(865,187)	34,693
	Closing net debt	<u>(296,412)</u>	<u>(865,187)</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland), which have been applied consistently (except as otherwise stated).

1.3 Subscriptions

Subscriptions represent all sums receiveable from the members of the society during the year.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% - 33.33% Straight line
--------------------------------	----------------------------

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Pensions

The society operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 Benefit claims

Provision has been made by management for the estimated cost of claims incurred by the balance sheet date but not notified until after that date, and for claims notified but not settled at that date. At 31 December 2010 annual claims arising but not yet received have been estimated at €1,497,591 (2009: €1,927,729). In addition, an accrual for non annual claims has been estimated at €2,901,727 (2009: €2,425,277).

1.8 Grant In Aid

Grant in aid has not been paid to the society since June 2005. An accrual of €3,293,000 was included in the 2008 accounts, representing the grant in aid due at 31 December 2008. On 31 December 2009 and pending a court ruling, this accrual was reduced to €1,919,744.

During the year the High Court ruled against the society in their action to compel the Minister to pay the grant in aid. As a result we now have to write off the provision of €1,919,744 in these financial statements. We have also provided €80,000 in respect of estimated costs awarded against the society by the court.

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

2 Tangible fixed assets

	Fixtures, fittings & equipment €
Cost	
At 1 January 2010	37,751
Additions	1,264
Disposals	(9,898)
	<hr/>
At 31 December 2010	29,117
	<hr/>
Depreciation	
At 1 January 2010	23,101
On disposals	(9,898)
Charge for the year	4,857
	<hr/>
At 31 December 2010	18,060
	<hr/>
Net book value	
At 31 December 2010	11,057
	<hr/> <hr/>
At 31 December 2009	14,650
	<hr/> <hr/>

3 Investments

	Listed investments €
Cost	
Best Performance Bond	10,000,000
	<hr/> <hr/>

The market value of the investment at the year end date was €10,000,000 (2009: €10,000,000).

The investment has been valued at the last price at which it was dealt, in the most relevant market, on the date of the valuation, or, at the last bid price in the event that there were no dealings at that date.

Any increases in the value of the bond will not be recognised in the financial statements until the maturity date (28 December 2012).

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

4 Bank Security

KBC Bank hold a first fixed charge/ranking security assignment over the Best Performance Bond investment.

5 Related party transactions

Included in benefit claims is an amount of €22,142 (2009: €28,906) paid to a total of 12 (2009: 12) committee members.

6 Approval of the financial statements

The financial statements were approved and authorised for issue by the committee on 22-2-2011.

DRAFT
APR