THE CARE TRUST LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2011

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

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COMPANY INFORMATION

DIRECTORS

J.Nugent - chairman, reappointed 27 September 2011
C.Allen - deceased 15 April 2011
H.Goulding
L.Hogan
P.Kiely
J.McGuire
K.Poole
P.Ryan - resigned 27 September 2011

SECRETARY AND CHIEF EXECUTIVE

S. Mullins

DATE OF INCORPORATION

9 January 1974

REGISTERED IN IRELAND

45561

REGISTERED CHARITY NUMBER

CHY 13691

BANKERS

Bank of Ireland,
6 Lower O'Connell Street,
Dublin 1.

Allied Irish Bank
Main Street,
Blackrock,
Co. Dublin.

SOLICITORS

McCann Fitzgerald,
Riverside One,
Sir John Rogerson's Quay,
Dublin 2.

AUDITORS

Ernst & Young
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

REGISTERED ADDRESS

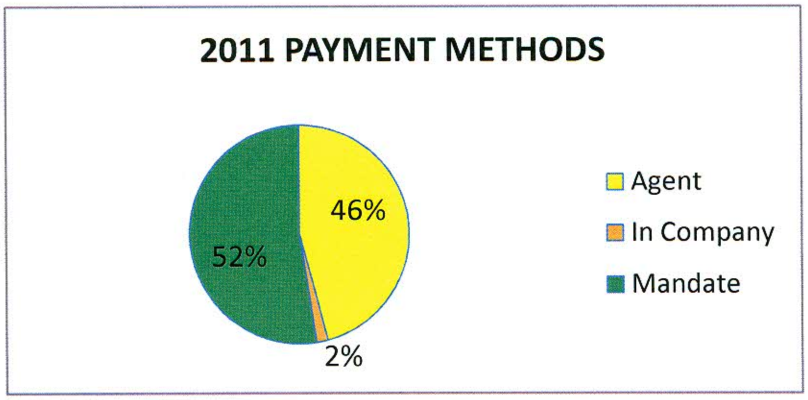
College House
71 - 73 Rock Road,
Blackrock,
Co Dublin.

DIRECTORS' REPORT
for the year ended 31 DECEMBER 2011

The directors are pleased to present their annual report and financial statements for the year ended 31 December 2011.

REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS
The Care Trust, (the 'Company') fundraises on behalf of the Central Remedial Clinic, Rehab and by agreement for the Mater Misericordiae University Hospital.

In 2011 the Company operated 3 draws each month, an increase on its 2010 draw offering of 26 fortnightly draws, while still retaining the special year end draw. Contributors subscribe to the draws through agents collecting door to door, or directly by bank mandate. Contributor agents operate mainly on a two-weekly or four-weekly cycle, while mandates are by monthly direct debit. The Company is authorised to operate the direct debit plus scheme. Approximately 50% of contributors pay by bank mandate. a small number pay through company payroll deduction schemes.



The Contributor Information Database (CID) maintains the transactions for each contributor's individual account and records payments received and deductions made for draws. In 2011 the draw tariff was set at €5.00. The year-end special draw issues tickets for €1.00, up to a maximum of 4 tickets, where funds allow, and facilitates the capture of receipts as income in the year. This helps reduce the amount of balances being carried forward. Contributors who ceased paying during the year may have a residual balance at the year end. The year end special draw reduces this balance and anything remaining will be small, 99 cent or less, which is then treated as a donation.

The Company continues to retain a small but consistent number of non-prize fund contributors, who pay directly by bank mandate and have elected not to participate in the draw.

The total Care Trust commission receivable as agent for the beneficiaries, including lottery and non-lottery, was €3.22m (2010 €3.12m). There was some assistance from the "wrap around" ticketing method introduced in June 2011, which released some client funds from the balance sheet. This ensured that contributor balances were allocated to the 36 draws in the next 12 months, one ticket per draw. Where funds were still available, the process was repeated until no more tickets could be allocated. All tickets are only recognised as income when the draw actually takes place. This avoids a build up of client funds where a contributor is paying more than €15.00 a month.

A total of 7,006 (2010 7,676) new DD enrolments were signed up during 2011, by a cohort of approximately 25 Fundraising Representatives. This was 9% down on the enrolments for 2010. The Company also experienced a high level of contributor cancellations, mandate and cash collection, with 10,851 (2010 13,149) cancelling in the year.

There was also a significant shift in the persistency rate of DD contributions – 26% of new DDs enrolled in 2011, were no longer contributing to the Company at year end; this compares to a typical 10% fall off rate during the years 2006-2008.

The Agent-collected component of the business continues to decline. In 2011 Agents receipts fell 8.5%.

As part of the Business Plan 2012 - 2014 the Company agreed and initiated a staff re-structuring project – resulting in two less staff in Administration.

In 2011, the Company honoured the budgeted and agreed contribution to its Beneficiaries.

Continued /...

DIRECTORS' REPORT
for the year ended 31 DECEMBER 2011

REVIEW OF THE DEVELOPMENT OF THE BUSINESS (Continued)
The company set down a new business plan for 2012 to 2014. In continuing with the company's strategic plan 2011 to 2013, the focus is on repeat giving through direct debit, while reducing the cost profile of the business.

The agent-on-line facility came on stream in August and by the end of 2011 almost half of the contributor agents were using it for making their returns. This reduces postage and stationary costs of issuing agent sheets and improves the accuracy of data returned. It has also reduced the staffing requirements in administration as did assigning the distribution of agent results sheets to a third party.

To increase the appeal of the Care Trust our website was re-designed allowing contributors to pay on line and including a corporate video featuring RTE's Mary Kennedy. To further broaden our appeal, the draw was enhanced to include three car draws per month and the ticket price reduced from €6.00 to €5.00. An advertising campaign with RTE announcing the car winners on key programmes each month was put in place and the result sheets redesigned.

Other developments included incentivising the business for improved persistency of mandates. Controls over data quality were enhanced by the monthly issuing of 30 letters to agent contributors, confirming address and collection details. The register of complaints and suspected frauds was maintained and a report made for the lottery licence year to An Garda Síochána. The company also signed up to the Charity Sectors: Statement of Guiding Principles for Fundraising.

The business off site recovery system was tested at each month end in 2011.

RESULTS AND STATEMENT OF AFFAIRS OF THE COMPANY
The Profit and Loss Account, Statement of Total Recognised Gains and Losses and Balance Sheet for the year ended 31 December 2011 are set out on pages 8 to 10. The profit on ordinary activities amounted to €376,863 (2010 €98,269). The shareholders' surplus amounted to €136,236 (2010 deficit €182,627).

GOING CONCERN
The financial statements have been prepared under the historical cost convention which assumes going concern on the basis that the Central Remedial Clinic and Rehab have continued to agree to provide adequate funds to the Company to meet its liabilities as they fall due.

BOOKS OF ACCOUNT
The directors employ a professionally qualified financial controller who reports to the board through the chief executive and ensures that the requirements of Section 202 of the Companies Act, 1990 are complied with. These books and records are maintained at the registered offices of the Company at College House, 71 - 73 Rock Road, Blackrock, Co. Dublin.

AUDIT COMMITTEE
The audit committee met with the auditors, Ernst & Young, upon completion of the main audit on 5th March 2012 in accordance with its terms of reference.

EMPLOYEE WELFARE
In keeping with its core values the company seeks to ensure that staff welfare is a priority, and actively pursues policies and procedures to realise the full potential of each member's contribution and participation in the Company.

 Continued / ...

DIRECTORS' REPORT
for the year ended 31 DECEMBER 2011

EVENTS AFTER THE BALANCE SHEET DATE

The company's lease on its premises has a break clause at 31 May 2012 and the company is presently negotiating with the landlord for revised terms.

KEY RISK AREAS

The principal risks and uncertainties in the business are:

i) maintaining and growing the contributor base in an economic downturn
ii) retaining the agent contributor - enrolling contributors for the long term
iii) ensuring queries from contributors and the public are dealt with promptly and professionally
iv) recruiting sufficient and capable fundraising representatives
v) fundraising in harmony with the beneficiaries
vi) ensuring compliance with statutory acts, in particular Company Law and the Lottery Act as well as the proposed new charities legislation

The Company has business policies and organisation structures to limit these risks and the Board of Directors and management regularly review, reassess and proactively limit the associated risks.

PERFORMANCE INDICATORS

The key performance indicators of the business are:

i) the amount transferred to the beneficiaries from each euro contributed
ii) level of gross contribution income and net return to the beneficiaries

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable Irish Law and Generally Accepted Accounting Practice in Ireland including the Accounting Standard Boards and promulgated by the Institute of Chartered Accountants in Ireland.

Company 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 company and of the income and expenditure of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the provisions of the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Ernst & Young, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

ON BEHALF OF THE DIRECTORS

Directors	Paul Kiely	Paul Kiely
	Keith Poole	Keith Poole
Date:	27 March 2012	

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF THE CARE TRUST LIMITED

We have audited the Company's financial statements of The Care Trust Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account and Statement of Total Recognised Gains and Losses and the Balance Sheet as at that date and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the International Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland as set out in the Statement of Directors' Responsibilities.

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 and are properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' 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 financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

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

Basis of audit 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

Continued /...

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS' OF THE CARE TRUST LIMITED (Continued)

Basis of audit opinion (Continued)

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.

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 affairs of the Company as at 31 December 2011 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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 Company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the balance sheet does not disclose a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Breffni Maguire
For and on behalf of Ernst & Young
Dublin

Date 2 April 2012

PROFIT AND LOSS ACCOUNT
for the year ended 31 DECEMBER 2011

	Note	2011 €	2010 €
The Care Trust agency commission receivable		3,217,707	3,124,341
Commissions deducted at source		(1,084,854)	(1,178,276)
Gross income		2,132,853	1,946,065
Staff costs	3	(1,727,111)	(1,922,343)
Depreciation		(88,074)	(75,862)
Other operating charges		(711,084)	(796,591)
Other financial expense - pension		(2,000)	(9,000)
Gain on disposal of fixed assets		2,279	-
Loans forgiven	5	770,000	956,000
Profit on ordinary activities before taxation	4	376,863	98,269
Taxation on ordinary activities	6	-	-
Profit on ordinary activities after taxation		376,863	98,269

Approved by the Board on 27 March 2012

Directors Paul Kiely Paul Kiely

Keith Poole Keith Poole

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 DECEMBER 2011

	note	2011 €	2010 €
Profit on ordinary activities after taxation		376,863	98,269
Actuarial (loss) / gain recognised on defined benefit pension scheme	14	(58,000)	100,000
Total recognised gain for the year		318,863	198,269

BALANCE SHEET
as at 31 DECEMBER 2011

	Note		2011 €		2010 €
ASSETS EMPLOYED					
FIXED ASSETS	7		193,835		149,059
CURRENT ASSETS					
Debtors and prepayments	8	100,297		79,069	
Cash at bank and in hand		552,800		970,041	
Pension asset	14	15,000		20,000	
		668,097		1,069,110	
CREDITORS (amounts falling due within one year)					
Creditors	9	(682,422)		(1,085,226)	
Amounts due to promoters	10	(43,274)		(315,570)	
		(725,696)		(1,400,796)	
NET CURRENT LIABILITIES			(57,599)		(331,686)
			136,236		**(182,627)**
FINANCED BY					
CAPITAL AND RESERVES					
Called up share capital	11		130		130
Profit and loss account	12		136,106		(182,757)
Shareholders' surplus /(deficit)	13		**136,236**		**(182,627)**

Approved by the Board on 27th March 2012

Directors Paul Kiely

Keith Poole

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

1. GOING CONCERN
The financial statements have been prepared under the historical cost convention which assumes going concern on the basis that the Central Remedial Clinic and Rehab have agreed to provide adequate funds to the Company to meet its liabilities as they fall due.

2. ACCOUNTING POLICIES
The significant accounting policies adopted by the Company are as follows:

(a) *Basis of preparation*
The Company has adapted the profit and loss format as prescribed under Companies (Amendment) Act, 1986 in the form of a revenue account in order to reflect the special nature of the business undertaking by the Company, of promoting fundraising activities on behalf of the Central Remedial Clinic, Rehab and by agreement, for the Mater Hospital.

(b) *Accounting convention*
The financial statements are prepared under the historical cost convention.

(c) *Income*
Agency commission for the operation of the lottery is recognised on an accruals basis. On foot of the agency agreement with the promoters, gross lottery receipts do not form part of the income of the Company and are transferred on to the promoters, net of agency commission and prize fund. The agency commission is based on funds raised which are primarily the gross lottery receipts recorded and allocated to the lottery games that have taken place during the financial year.

(d) *Fixed assets*
Depreciation is charged on the original cost of the fixed assets at rates designed to write off the costs of these assets over the period of their expected useful lives. The rates being used are as follows:

Office equipment	10% per annum on cost
Motor vehicles	20% per annum on cost
Fixtures and fittings	10% per annum on cost
Computer equipment	33.33% per annum on cost

(e) *Pension costs*
The Company operates two separate pension schemes for its employees; one defined benefit scheme and one defined contribution scheme.

Pension benefits in respect of the defined contribution scheme are funded over the employees' period of service by way of contributions to a defined contribution scheme. Contributions are charged to the statement of comprehensive income and retained earnings as they become payable.

For the defined benefit scheme and in accordance with "Financial Reporting Standard 17 - Retirement Benefits", scheme assets are valued at market value and scheme liabilities are measured on an actuarial basis, using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any surplus is shown as an asset on the statement of financial position. Any deficit is shown on the statement of financial position as a liability. The operating and financing costs of pension and post retirement schemes are recognised separately in the statement of comprehensive income and retained earnings. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, and changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

Continued / ...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

2. ACCOUNTING POLICIES (continued)

(f) Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

3. EMPLOYEES AND REMUNERATION

The staff costs comprise:

	2011 €	2010 €
Wages and salaries	1,506,420	1,675,064
Social welfare costs	169,140	173,310
Pension costs	51,551	73,969
	1,727,111	1,922,343

The average number of persons employed by the Company in the financial year was 39 (2010: 41) and is analysed as follows

	2011 Nos.	2010 Nos.
Field staff	30	31
Management and administration	9	10
	39	41

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	2011 €	2010 €
Operating lease: office rentals	122,519	117,845
Depreciation charge	88,074	75,862

In accordance the Articles of Association the directors receive no remuneration for the performance of their duties as directors.

5. LOANS FORGIVEN
During the year shareholder loans received, totalling €770,000 were waived by the shareholders (2010 €956,000).

Continued / ...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The Company has charitable status and is exempt from corporation tax.

7. FIXED ASSETS

	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Total
Cost	€	€	€	€	€
At 1 Jan 2011	64,965	23,692	132,758	234,693	456,108
Additions	19,000	1,876	-	113,946	134,822
Disposals	(19,715)	-	-	-	(19,715)
At 31 December 2011	64,250	25,568	132,758	348,639	571,215
Depreciation					
At 1 Jan 2011	39,472	6,960	101,338	159,279	307,049
Charge for period	13,048	2,705	7,610	64,711	88,074
Disposals	(17,743)	-	-	-	(17,743)
At 31 December 2011	34,777	9,665	108,948	223,990	377,380
Net book amount					
At 31 December 2011	29,473	15,903	23,810	124,649	193,835
At 31 December 2010	25,493	16,732	31,420	75,414	149,059

8. DEBTORS AND PREPAYMENTS

	2011	2010
	€	€
Amounts falling due within one year		
Debtors and prepayments	100,297	79,069

Continued / ...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

9. CREDITORS (amounts falling due within one year)

	2011 €	2010 €
Sundry creditors and accruals	347,609	290,465
Client funds receipts in advance	334,813	794,761
	682,422	1,085,226

10. AMOUNTS FALLING DUE TO PROMOTERS

	2011 €	2010 €
Amounts falling due within one year		
Opening balance	315,570	49,817
Lottery receipts to promoters due within one year	4,255,136	4,389,700
Transferred to promoters	(4,527,432)	(4,123,947)
Closing balance	43,274	315,570

11. CALLED UP SHARE CAPITAL

	2011 €	2010 €
Authorised		
'A' ordinary shares of €1.30 each (2010: €1.30 each)	65	65
'B' ordinary shares of €1.30 each (2010: €1.30 each)	65	65
	130	130
Allotted called up and fully paid		
'A' ordinary shares of €1.30 each (2010: €1.30 each)	65	65
'B' ordinary shares of €1.30 each (2010: €1.30 each)	65	65
	130	130

12. RECONCILIATION OF MOVEMENT IN PROFIT AND LOSS ACCOUNT

	2011	2010
Loss at beginning of year	(182,757)	(381,026)
Profit for the financial year	376,863	98,269
Actuarial gain/(loss) on defined benefit pension scheme	(58,000)	100,000
Gain/(loss) at year end	136,106	(182,757)

Continued / ...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011	2010
	€	€
Shareholders' deficit at the beginning of the year	(182,627)	(380,896)
Profit for the financial year	376,863	98,269
Actuarial (loss)/gain recognised on defined benefit pension scheme	(58,000)	100,000
Shareholders' surplus/(deficit) at the end of the year	136,236	(182,627)

14. PENSIONS LIABILITY

Defined Contribution Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost includes contributions payable by the Company to the fund and amounted to €51,566 (2010: €53,068). Included in accruals at the year end is €7,737 (2010: €8,985) relating to the defined contribution scheme.

Defined Benefit Scheme

The Company operates a defined benefit pension scheme for certain employees, which is now closed to new members. The assets of the scheme are held separately from those of the Company, in an independently administered fund. This scheme is a final salary defined benefit pension scheme in which pension accrues at the rate of 1/80th of Final Pensionable salary per year of pensionable service. The scheme also provides life assurance cover.

The scheme is independently funded and the assets are vested in independent trustees for the benefit of members and their dependents. The contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. A full actuarial valuation was carried out on 1st January 2011, which is not available for inspection. An actuarial funding review was carried out on 1st January 2012 and members can obtain a copy of the actuarial statement from the Company.

Principal actuarial assumptions

The key financial assumptions used to calculate the retirement benefit liabilities under FRS17, at the beginning and end of the year were as follows:

	2011	2010
Valuation method	Projected Unit	Projected Unit
	%	%
Discount rate for scheme liabilities	5.1	5.1
Inflation rate	2.0	2.0
Rate of increase in salaries	4.0	4.0
Rate of increase to pensions in payment	0.0	0.0
Increase to statutory pensions in deferment	2.0	2.0

The actual rate of return on scheme assets was -0.2% (2010 8.1%) and the expected return was 2.7% (2010 4.9%).

Continued / ...

14. PENSIONS LIABILITY (Continued)

This expected return has been calculated as the weighted average of the expected long term returns on each of the main asset classes held by the scheme - the weights adopted are the proportions held by the scheme in each of the main assets classes. For equities the expected return has been taken as price inflation plus 5.0% per annum, for property inflation plus 4.5%, for fixed interest the gross redemption yield on long-term bonds. For cash the expected return is equal to price inflation.

Discount Rate

This assumption is reflective of the long-term corporate bond yield for the respective region /country as of the 31 December 2011 measurement date. Long-term is defined as a bond maturity that approximates the duration of the pension plan liabilities. The assumption was derived using a "yield-curve" approach (rather than looking at benchmarks). The yield curve approach discounts each cash flow of the liability stream at an interest rate specifically applicable to the timing of each respective cash flow. The model sums the present values of all the cash flows and then calculates the equivalent weighted-average discount rate by imputing the singular interest rate that equates the total present value with the stream of future cash flows. Based on this analysis the discount rate of 5.1% is appropriate for the plan.

Salary Increases

Estimates of future salary increases should take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market including a current wage agreement. We have assumed salary increases of 4.0%.

Price inflation

In jurisdictions where there is a liquid market in long-dated index-linked bonds, the yields on such bonds relative to those on fixed interest bonds of similar credit standing will give an indication of expected rate of general inflation. We do not regard Ireland as such a jurisdiction, although the euro currency zone as a whole is. The European Central Bank inflation target for the euro zone is to maintain inflation below 2% per annum.

Against a background of continuing uncertainty, we consider that an estimated long-term average rate of inflation of 2.0% would be appropriate.

Rate of increase in deferred pensions

The deferred pension is expected to increase marginally above inflation.

The valuation of liabilities has been performed using the projected unit method. The scheme is closed to new entrants and so the current service cost will rise over time as a percentage of covered payroll, as the average age of members increase, although the number of participating members will fall as they leave service. The actuarial valuation is not available for public inspection.

Continued / ...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

14. PENSIONS LIABILITY (Continued)

The key demographic assumptions used to calculate the retirement benefit liabilities at the beginning and end of the year were as follows:

	2011	2010
Mortality pre-retirement	none	none
Mortality post-retirement	62% PNML00 / 70% PNFL00	62% PNML00 / 70% PNFL00
	years	years
Life expectancy (Male age 65)	21.4	21.4
Life expectancy (Female age 65)	23.1	23.1

The amounts recognised in the balance sheet are as follows:

The fair value of the assets in the scheme and the present value of the liabilities in the scheme at 31st December were as follows:

	2011	2010
	€'000	€'000
Fair value of plan assets	1,311	1,291
Present value of funded obligations	(1,296)	(1,271)
Net pension asset / (liability)	15	20

Amounts in statement of financial position	2011	2010
	€'000	€'000
Liabilities	-	-
Assets	15	20
Net pension asset / (liability)	15	20

Total amounts charged to operating surplus were:	2011	2010
	€'000	€'000
Current service cost	9	29

Amounts charged to other finance expense	2011	2010
	€'000	€'000
Interest on scheme liabilities	66	68
Expected return on scheme assets	(64)	(59)
Net expense	2	9
Total recognised in the profit and loss account	11	38

Continued / ...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

14. PENSIONS LIABILITY (Continued)

	2011 €'000	2010 €'000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	1,271	1,304
Service cost	9	29
Interest cost	66	68
Actuarial (gain) / loss	(9)	(71)
Contributions employees	14	-
Benefits paid	(53)	(59)
Other	(2)	-
	1,296	1,271

	2011 €'000	2010 €'000
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	1,291	850
Expected return	64	59
Actuarial gain / (loss)	(67)	29
Contributions by employer	61	412
Contributions by employees	14	-
Benefits paid	(53)	(59)
Other	1	
	1,311	1,291

The major categories of plan assets as a percentage of total plan assets are as follows:

	2011	2010
Equities	24.4%	52.8%
Fixed Interest	18.0%	17.6%
Property	2.5%	2.8%
Cash	0.9%	0.9%
Other	0.0%	0.0%
Long bond fund	54.2%	25.9%
	100.0%	100.0%

The pension plan has not invested in any of the Company's own financial instruments or other assets owned by the Company.

Continued /...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

14. PENSIONS LIABILITY (Continued)

	2011 €'000	2010 €'000	2009 €'000	2008 €'000	2007 €'000
History of experience gains and losses					
Defined benefit obligation	(1,296)	(1,271)	(1,304)	(1,386)	(1,538)
Plan assets	1,311	1,291	850	909	1,399
Surplus / (deficit)	15	20	(454)	(477)	(139)
Experience adjustments on plan liabilities	9	71	71	181	16
Experience adjustments on plan assets	(67)	29	76	(569)	(130)
Changes in assumptions	-	-	(133)	11	75
Actuarial gain/(loss) recognised in statement of total recognised gains and losses.	(58)	100	14	(377)	(39)
Cumulative actuarial deficits in the statement of total recognised gains and losses.	(635)	(577)	(677)	(691)	(314)

The employer contributions for 2012 have been estimated at €61,000 (2011: €75,000) which does not include any single premium payments.

Continued / ...

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2011

15. COMMITMENTS UNDER OPERATING LEASES

Operating leases

Leasing commitments under non-cancellable operating leases, payable during the next twelve months amount to €94,519 (2010: €122,519)

	2011	2010
Land and buildings	€	€
Payable on leases in which the commitments expire:		
Within one year	-	-
Within two to five years	-	-
After five years	94,519	122,519
	94,519	122,519

16. DIRECTORS' AND SECRETARY'S INTERESTS

None of the directors nor the company secretary have an interest in the share capital of the Company.

17. RELATED AND CONTROLLING PARTIES

Rehab Foundation Limited own 100% of the 'A' ordinary shares in the Company and Friends and Supporters of the Central Remedial Clinic Limited own 100% of the 'B' shares in the Company. All shares rank pari passu. The amounts transferred to promoters is disclosed in note 10 to the accounts.

18. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements and authorised them for issue on 27 March 2012.

19. EVENTS SINCE THE YEAR END

The company's lease on its premises has a break clause at 31 May 2012 and the Company is presently negotiating with the landlord for revised terms.