Respond (Support) Company Limited by Guarantee

Annual Report
Financial Year Ended 31 December 2018

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors at 9 July 2019

Cathleen Callanan
Brendan Cummins
Daniel Vincent McCarthy
Noel Kelly
Michael Anglim
John O'Connor
Joseph O'Connor

Solicitors

William Fry
Fitzwilliam House
Wilton Place
Dublin 2

Secretary and Registered Office

Jill Jackman
John's College
The Folly
Waterford

Advokat Compliance Limited
Merrythought House
Templeshannon
Enniscorthy
Co Wexford

Registered Number: 206013

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Ballycar House
Newtown
Waterford

Bankers

Allied Irish Bank
The Quay
Waterford

Ulster Bank
The Quay
Waterford

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the financial year ended 31 December 2018.

Principal activities

The company is a charity engaged in the promotion of education, early years education, family support, community development and social inclusion, and the support of vulnerable older persons living in the community in estates, principally, managed by the Respond! Housing Association and in other marginalised communities.

Corporate governance

The Board currently comprises of seven non-executive members, who are drawn from a wide background, bringing together professional, commercial and local experience. The Board meets formally at least six times a year. Local operational policies are delegated subject to approved budgets.

While the Board is responsible for the overall strategy and policy of the organisation, the day-to-day management is delegated to the Chief Executive Officer.

The CEO chairs monthly management meetings that deal with all major management issues and decisions of the organisation. Additional meetings are held to discuss corporate issues that do not fit with the scheduled meetings.

An independent Finance Audit and Risk Committee was constituted in the first quarter of 2018 and is now fully operational. The CEO and Financial Controller attend the meetings by invitation. The Committee review financial performance, financial strategy, audit and risk policies and make recommendations to the Board on these matters.

Respond (Support) Company Limited by Guarantee as a registered charity complies with the Governance Code for community, voluntary and charitable organisations in Ireland.

Internal financial controls

The Board has overall responsibility for the organisation's system of internal financial control which comprises:

- a clear organisation structure and well defined management responsibilities
- comprehensive budgeting systems with an annual budget that is approved by the Board
- regular consideration of actual results compared to budgets
- defined capital investment control protocols and procedures approved by the Board
- regular reporting of legal and accounting developments to the Board.

The organisation's control systems address key business, treasury and financial risks which are monitored by the CEO and Company Treasurer.

The company engages a firm of Chartered Accountants independent of the external auditor to conduct regular internal audit reviews of the company's activities under the direction of the Finance and Risk Committee.

The external auditors are engaged to express an opinion on the financial statements. They review and test the systems of internal financial control and the data contained in those statements to the extent necessary to express their audit opinion.

The Board wishes to emphasise that a system of internal financial control can only provide reasonable and not absolute assurance about material misstatement and loss.

DIRECTORS' REPORT - continued

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; 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 adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors 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.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the following address:

John's College
The Folly
Waterford

Business review

The excess of expenditure over income, reported as loss on page 9 arises from the various community based initiatives that the company is committed to delivering.

Both the level of business and the period-end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Principal risk and uncertainty

The company is largely dependent on the Irish Government for its funding which is primarily received from the Department of Children & Youth Affairs, the HSE and Pobal. The funding receivable is subject to certain conditions being adhered to and the directors are confident that all such conditions will be met. The company operates a number of core programmes on behalf of its funders.

DIRECTORS' REPORT - continued

Principal risk and uncertainty - continued
As the company's activities are conducted primarily in euro they are not subject to any material level of currency risk and due to there not being any bank loans or overdrafts in place, the company is not subject to interest rate risk. Due to the nature of the company's activities, they are not subject to credit risk.

Dividends
No dividend is payable in accordance with the company's Memorandum of Association.

Research and development
The company did not undertake any research and development during the period (2017: €Nil).

Events since the end of the financial period
There have been no significant events affecting the company since the end of the financial period.

Directors
The names of the persons who were directors of the company at any time during the financial period ended 31 December 2018 are set out below. Except where indicated, they served as directors for the entire financial period.

Edward Matthews	Danette Connolly
Cathleen Callanan	Brendan Cummins
Tom Dilleen	Brian Swift (resigned 4 December 2018)
Sean Ryan	Patrick Redmond O'Donoghue

Subsequent to year end the following appointments and resignations were made to the Board of Directors:

Patrick Redmond O'Donoghoe	(resigned 1 January 2019)
Sean Ryan	(resigned 1 January 2019)
Edward Matthews	(resigned 1 January 2019)
Tom Dilleen	(resigned 1 January 2019)
Danette Connollly	(resigned 1 January 2019)
John O'Connor	(appointed 1 January 2019)
Joseph O'Connor	(appointed 1 January 2019)
Michael Anglim	(appointed 1 January 2019)
Noel Kelly	(appointed 1 January 2019)
David Vincent McCarthy	(appointed 1 January 2019)

Patrick Redmond O'Donoghue resigned as company secretary on 1 January 2019 and was replaced by Jill Jackman.

Members
The company is registered as a company limited by guarantee not having a share capital. The members of the company have their liability limited to €6.35 each in the event of the company being wound up. There were 8 members at the date of the balance sheet.

Disclosure of information to auditors
The directors in office at the date of this report have each confirmed that:

- As far as they are aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Political donations
There were no political donations made during the period (31 December 2017: Nil).

DIRECTORS' REPORT - continued

The Charities Act 2009
The directors acknowledge The Charities Act 2009 and support its objectives and are endeavouring to ensure compliance with same.

Statutory auditors
The statutory auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board

John O'Connor

Date: 9 July 2019.

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Independent auditors' report to the members of Respond (Support) Company Limited by Guarantee

Report on the audit of the financial statements

Opinion

In our opinion, Respond (Support) Company Limited by Guarantee's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report, which comprise:

- the balance sheet as at 31 December 2018;
- the profit and loss account for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

pwc

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Siobhán Collier
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Waterford
9 July 2019

PROFIT AND LOSS ACCOUNT
For the financial year ended 31 December 2018

	Note	2018 €	2017 €
Revenue	5	2,737,211	2,770,681
Cost of sales		-	-
Gross profit		2,737,211	2,770,681
Administrative expenses		(3,725,285)	(3,584,238)
Operating loss	6	(988,074)	(813,557)
Interest receivable and similar income	8	955	4,813
Loss before taxation		(987,119)	(808,744)
Tax on loss		-	-
Loss for the financial year		(987,119)	(808,744)

BALANCE SHEET
As at 31 December 2018

	Note	2018 €	2017 €
Current assets			
Debtors	9	117,707	72,196
Investments	10	60,293	60,262
Cash at bank and in hand		4,981,766	5,659,219
		5,159,766	5,791,677
Current liabilities			
Creditors - amounts falling due within one year	11	(662,033)	(306,825)
Net current assets		4,497,733	5,484,852
Financed by:			
Retained funds		4,497,733	5,484,852
Total equity		4,497,733	5,484,852

On behalf of the board

John O'Connor
John O'Connor

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2018

	Retained surplus €	Total €
Balance at 1 January 2017	6,293,596	6,293,596
Deficit for the financial period	(808,744)	(808,744)
Balance as at 31 December 2017	5,484,852	5,484,852
Balance at 1 January 2018	5,484,852	5,484,852
Deficit for the financial period	(987,119)	(987,119)
Balance as at 31 December 2018	4,497,733	4,497,733

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	2018 €	2017 €
Cash used in from operations	13	(678,783)	(1,235,121)
Income taxes paid		-	-
Net cash used in from operating activities		(678,783)	(1,235,121)
Cash flows from investing activities			
Increase in short term investments		(31)	(61)
Interest received	8	1,361	4,813
Net cash generated from investing activities		1,330	4,752
Net cash used in financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(677,453)	(1,230,369)
Cash and cash equivalents at beginning of financial period/year		5,659,219	6,889,588
Cash and cash equivalents at end of financial period/year		4,981,766	5,659,219
Cash and cash equivalents consists of:			
Cash at bank and in hand		4,981,766	5,659,219
Cash and cash equivalents		4,981,766	5,659,219

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Respond (Support) Company Limited by Guarantee ('the company'), is a charity engaged in the promotion of social and community initiatives in estates, principally, managed by the Respond! Housing Association and in other marginalised communities.

Respond (Support) Company Limited by Guarantee, is a registered charity with the Charities Regulator (registered charity number 20028466) and complies with the governance code for community, voluntary and charitable organisations in Ireland.

The company is incorporated as a company limited by guarantee in the Republic of Ireland under the registered number 206013. The address of its registered office is John's College, The Folly, Waterford.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council and the Companies Act 2014. The entity financial statements comply with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

(a) Basis of preparation

The entity financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Foreign currency

(i) *Functional and presentation currency*

The company's functional and presentation currency is the euro, denominated by the symbol "€".

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(c) Revenue recognition

(i) Turnover

Turnover is the amount of revenue derived from the provision of services falling within the company's ordinary activities. For Respond (Support) Company Limited by Guarantee turnover comprises revenue arising from both revenue grants and childcare fees.

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises turnover as follows:

– *Revenue grants*

Grant income is recognised when there is: 1) entitlement to the grant; 2) virtual certainty that it will be received; and 3) sufficient measurability of the amount. Unspent grants are shown on the balance as a liability.

– *Childcare fees and training services income*

Revenue from services provided is credited to income in the period in which it is invoiced, or the services provided.

(ii) Other income

Interest income is recognised using the effective interest rate method. Interest income is presented as 'Interest receivable and similar income' in the profit and loss account.

(d) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

(i) Short term employee benefits

Short term employee benefits, including paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which the employees render the related service.

(ii) Post-employment benefits

Defined contribution plan

The company operates defined contribution plans for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet.

(e) Income tax

No liability to corporation tax arises as the company has been granted charitable tax exemption by the Revenue Commissioners.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies – continued

(f) Cash at bank and in hand
Cash at bank and in hand includes cash in hand, cash held in bank current accounts, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(g) Provisions and contingencies

(i) Provisions
Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:
a) Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected; and
b) Provision is not made for future operating losses.

(ii) Contingencies
Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(h) Financial Instruments
The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets
Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(h) Financial instruments – continued

(i) Financial assets - continued

Trade and other debtors, cash and cash equivalents, investments and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such financial assets are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from connected parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, loans from connected parties and financial liability from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Deferred revenue
Grant income is recognised when there is: 1) entitlement to the grant; 2) virtual certainty that it will be received and; 3) sufficient measurability of the amount. Unspent grants are shown on the balance sheet as a liability. See note 11 for the amount of the deferred income.

5 Turnover

Analysis of turnover by category:

	31 December 2018 €	31 December 2017 €
Fee and service income	637,624	965,169
Grant income	2,099,587	1,805,512
	2,737,211	2,770,681

Analysis of turnover by geographical market:

	31 December 2018 €	31 December 2017 €
Ireland	2,737,211	2,770,681

6 Operating loss

	31 December 2018 €	31 December 2017 €
The operating loss is stated after crediting:		
Grant income	(2,099,587)	(1,805,512)

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Employees and directors

(i) Employees

The average number of persons employed by the company during the financial period was:

	31 December 2018 Number	31 December 2017 Number
Management	6	6
Operational	105	101
	111	107

Staff costs comprise:

	31 December 2018 €	31 December 2017 €
Wages and salaries	2,448,627	2,192,825
Social insurance costs	226,455	226,292
Pension costs	20,022	29,076
	2,695,104	2,448,193

(ii) Directors

	31 December 2018 €	31 December 2017 €
Emoluments	-	-
Contributions to retirement benefit schemes		
- Defined contribution	-	-

(iii) Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	31 December 2018 €	31 December 2017 €
Total key management compensation	490,774	468,949

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Net interest expense

Interest receivable and similar income

	31 December 2018 €	31 December 2017 €
Bank and deposit interest	955	4,813
Total interest receivable and similar income	955	4,813

9 Debtors

	31 December 2018 €	31 December 2017 €
Amounts falling due within one year:		
Prepayments and other receivables	10,359	11,829
Accrued income	107,348	60,367
	117,707	72,196

10 Investments

	31 December 2018 €	31 December 2017 €
Structured deposits	60,293	60,262

11 Creditors - amounts falling due within one year

	31 December 2018 €	31 December 2017 €
Trade creditors	249,727	31,734
Accruals	259,542	63,149
Deferred income	78,084	171,564
Deferred income – Tusla	4,500	-
VAT	4,590	3,588
PAYE and social insurance	65,590	36,790
	662,033	306,825

Trade and other creditors are payable at various dates in accordance with the suppliers usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Financial instruments

The company has the following financial instruments:

	2018 €	2017 €
Financial assets that are debt instruments measured at amortised cost		
Investments in short term deposits	60,293	60,262
Cash at bank and in hand	4,981,766	5,659,219
Financial liabilities measured at amortised cost		
- Trade creditors	249,727	31,734
- Accruals	259,542	63,149
	509,269	94,883

13 Note to the statement of cash flows

	2018 €	2017 €
Loss for the financial year	(987,119)	(808,744)
Net interest expense/(income)	(955)	(4,813)
Operating loss	(988,074)	(813,557)
Working capital movements:		
- (Increase)/decrease in debtors	(45,917)	72,988
- Increase/(decrease) in creditors	355,208	(494,552)
Cash outflow from operating activities	(678,783)	(1,235,121)

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Grants

Grant income of €2,099,587 (31 December 2017: €1,805,512), in the profit and loss account for the year, arises from the following bodies:-

Name of Agency	Type of Funding/ Grant Programme	Term of Grant	Use of Grant	Amount 31 December 2018 €	Amount 31 December 2017 €
Dept of Children & Youth Affairs	Early childhood	Annual	Delivery of service	316,362	437,505
HSE	Section 39	Annual	Delivery of service	555,963	566,447
Pobal	CETS/CCSP/CEC	Annual	Delivery of service	1,171,166	732,427
Pobal	Capital	Annual	Delivery of service	21,279	31,677
HSE	Section 10	Annual	Delivery of service	-	7,400
HSE	Food Grants	Annual	Delivery of service	29,598	23,856
Tusla	Section 56	Annual	Delivery of service	3,700	6,200
Other grants	Miscellaneous	Annual	Delivery of service	1,519	-
Total				2,099,587	1,805,512

15 Contingencies and commitments

The company may be obliged to pay back the government funding received if certain conditions are not met as per the agreements.

Respond (previously related by virtue of common directors) operates the defined contribution pension scheme. The assets of the scheme are held separately from those of the related company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to €20,022 (31 December 2017: €29,076).

There are no other commitments at 31 December 2018.

16 Bank security

The company's bankers hold letters of lien, totalling €Nil, on deposit funds in respect of guarantees they have issued on behalf of the company (31 December 2017: €Nil).

17 Approval of financial statements

The financial statements were approved by the directors on 9 July 2019