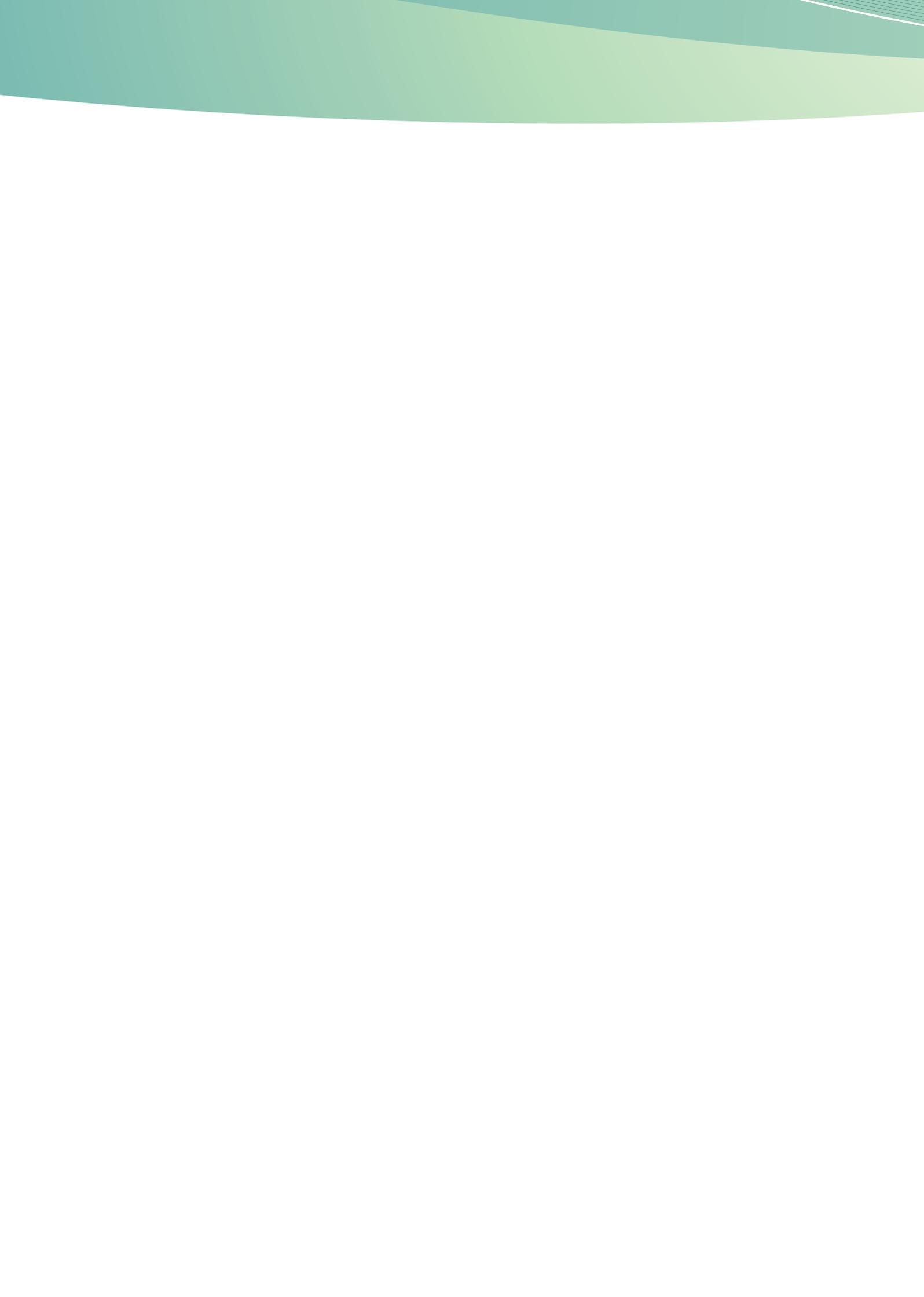




Annual Report 2012



AN RIALTÓIR CÓGAIŚÍOCHTA
THE PHARMACY REGULATOR



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Foreword

This annual report is presented to the Minister for Health in accordance with paragraph 17(1) of Schedule 1 to the Pharmacy Act 2007.

The Pharmaceutical Society of Ireland

The Pharmaceutical Society of Ireland (PSI) is the statutory body for pharmacists and pharmacies in Ireland, established by the Pharmacy Act 2007. It acts in the public interest to regulate the profession.

PSI Council (1st January to 31st December 2012)

As at 31st December 2012 the PSI Council consisted of the President, Vice-President and 19 other Council members, as follows:

President:

Mr. Paul Fahey*

Vice-President:

Mr. Eoghan Hanly*

Council Members:

Mr Jim Brophy**

Ms. Leonie Clarke*

Mr. John Collins*

Mr. John Corr*

Ms. Margaret Doherty*

Dr. Ann Frankish*

Dr. Jean Holohan**

Mr. Aidan Horan**

Ms. Ita Kelleher**

Ms. Deirdre Larkin**

Prof. Kenneth McDonald**
(Health Service Executive
(HSE) Nominee)

Mr. Fachtna Murphy**

Ms. Michelle Ní Longáin**

Prof. Ciaran O'Boyle**
(Continuing professional
development (CPD) in relation
to pharmacy)

Mr. Fionán Ó'Cuinneagáin**

Prof. Caitriona O'Driscoll**
(Pharmacy Schools Nominee)*

Mr. Keith O'Hourihane*

Ms. Rita Purcell
(Irish Medicines Board (IMB)
Nominee)**

Mr. Noel Stenson*

Council Members who were in office for a period of 2012 are outlined below:

Dr Michael Barry **

** Pharmacist*

*** Ministerial appointees as per s10(3) of the Pharmacy Act 2007*

The names of the members of the Advisory Committees to Council are listed in Appendix B to this report. The organisational structure of the PSI is available on the PSI's website.

The Internal Audit function for 2012 was undertaken by accountancy firm Crowleys DFK, 16/17 College Green, Dublin 2. The External Auditors in 2012 were Anne Brady McQuillans DFK, Ivy Court, Harcourt Street, Dublin 2.

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Introduction

Mr. Paul Fahey, PSI President

I am pleased to submit in accordance with Schedule 1 paragraph 17 of the Pharmacy Act 2007 (the Act), the Annual Report of the Pharmaceutical Society of Ireland (PSI) for the year ended 2012.

2012 was another successful year for the PSI in which we progressed a number of key strategic initiatives. The PSI continued in 2012 to work on areas such as undergraduate pharmacy education and continuing professional development for pharmacists. The Irish Institute of Pharmacy and the National Forum for Pharmacy Education & Accreditation were launched by An Taoiseach in February 2012. Work on progressing the implementation of the five-year fully integrated Masters degree in pharmacy is ongoing and securing the sustainable financial basis for the Institute and establishing its main operating principles and structures was an important step in 2012.

A PSI Communications Strategy was approved in 2012 which outlines a proactive plan for communicating our messages to all stakeholders. We have worked to communicate more effectively with the public, the pharmacy profession and other stakeholders. Monthly newsletters are now circulated to all registered pharmacists along with quarterly newsletters to relevant stakeholders. The PSI issued video podcasts to promote understanding of the legal

and practice requirements for supplying to patients in residential care settings and on the inspection process. These are available on the PSI website. Throughout 2012 we have continued to work closely and effectively with other regulatory bodies both at home and abroad. The PSI also works closely with other agencies to improve the safe and responsible use of medicines and to support patients in that regard. For example, in 2012 revised guidance on the safe use of oral methotrexate was issued in collaboration with the national Medication Safety Forum.

In 2012, the Council approved the first core competency framework for pharmacists. The current competency framework for pharmacists aims to reflect the practice of pharmacists at entry to the register stage of their career i.e. 0-3 years registered; however it is intended that the framework would also be used to provide structure and guidance for continuing professional development (CPD) over the changing demands of a pharmacist's career. The PSI also completed a baseline analysis of hospital pharmacy practice which provides an understanding of the nature and type of hospital pharmacy services being delivered in Ireland and reports on hospital pharmacy service and care delivery internationally. The report will help inform the manner in which these services can evolve to support the health reform programme.

As a member of the International Pharmaceutical Federation (FIP), the Pharmaceutical Society of Ireland (PSI) is delighted to co-host the FIP World Congress in Dublin in 2013. This is a prestigious event for Ireland and Irish pharmacy. This is the largest international gathering of practicing pharmacists, academics, industry leaders and scientists in pharmacy. The Congress will be held in the Convention Centre Dublin (CCD) from 31st August to 5th September 2013. Significant work took place in 2012 in relation to the promotion of the 2013 event both locally and internationally.

In 2012 the PSI vacated their property at 18 Shrewsbury Road and relocated to temporary premises while the new city-centre headquarters was refurbished. The new headquarter office is essential to facilitate and support the PSI's role in the ongoing development of the profession, and in providing facilities for the PSI to improve its engagement with pharmacists, patients and other stakeholders.

I would like to take this opportunity to extend my sympathy and that of the PSI Council and staff to the family of Mr Dominic Dowling, who worked as legal advisor to the PSI for many years and who sadly passed away in January 2013. I would also like to express the Council's sincere gratitude for the excellent work carried out by Mr Dowling for the PSI over many years.

In April 2012 the former Registrar of the PSI, Dr Ambrose McLoughlin was appointed by the Government as the Secretary General of the Department of Health. As President, I wish to formally acknowledge the significant contribution made by Dr McLoughlin to the PSI and to Irish pharmacy, and wish him every success in his new role.

I also wish to acknowledge the commitment of my fellow Council members and the co-operation and assistance of the Acting Registrar and staff of the PSI during the past year and to thank them for achieving the results outlined in this report.

I would like to acknowledge our close working relationship with the Department of Health, Department of Agriculture, Food and the Marine and the HSE. I would also like to thank Minister James Reilly, Minister Alex White and former Minister Roisin Shortall for their support during the year.

Finally, I wish to thank former Council member Mr Michael Barry for his service to the PSI Council, his term having ended in 2012, and to welcome Mr Jim Brophy who was appointed to Council in 2012.



Mr. Paul Fahey

President



Registrar's Report

Registrar's Report

This Annual Report sets out the considerable achievements of the PSI in delivering on its operational objectives under the Pharmacy Act 2007 and the significant progress made in relation to key strategic initiatives. The President, Vice-President, Chairs of Committees and other Council members have continued to work very effectively with members of the Senior Management Team in delivering on the strategic objectives outlined in the Corporate Strategy 2010-2012 and the key elements of the annual Service Plan 2012. These achievements serve to meet the organisation's mission to protect and promote the health, safety and wellbeing of the patients and the public.

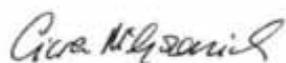
The PSI continues to work collaboratively with the Department of Health, a wide range of stakeholders, regulatory bodies and partners on patient safety and public interest agendas. The Health and Social Care Regulatory Forum, of which the PSI is a member, is continuing to play a valuable role in influencing policy development in matters relating to patient safety and public protection. Through this Forum the agencies represented participate in many joint initiatives benefitting all of the organisations involved and the patients we serve.

The PSI continues to have a very effective working relationship with the Schools of Pharmacy and I would like to thank the Presidents, Provost, Chief Executives, Heads of Schools and the staff of the various Schools for their help and support particularly in progressing the implementation of the PEARS report on the reform of undergraduate education in 2012.

The PSI continues to have an impact at European level through the Healthcare Professionals Crossing Borders initiative and by working with the EU Commission, the Council of Europe, the European Parliament and FIP.

I would like to thank former Committee members who had been co-opted onto various PSI Committees and whose terms on those committees expired during 2012: Mr Jim Reilly, Mr Mark Ledwidge, Dr Tamasine Grimes, Mr Shaun Flanagan, Ms Pamela Logan, Mr Niall O'Shea, Dr Mike Morris, Mr Stephen MacMahon, Mr Al Donnelly, and Ms Rita O'Brien. I would like to welcome those who were appointed to the PSI Committees for the first time in 2012 and to thank those outgoing members who have agreed to serve on other committees: Dr Mike Morris, Dr Tamasine Grimes, Ms Mary Culliton, Ms Clare Ward, Ms Niamh McMahon, Mr Stephen MacMahon, Ms Yvonne Sheehan, Mr Tim Delaney, Ms Aoife McAuliffe, Ms Pauline Kavanagh, Mr Stephen Nolan, Ms Meghan Kearney and Mr John Lynch.

Finally I wish to express my sincere appreciation of the hard work and very significant contribution of the staff of the PSI, for their commitment and diligence in delivering on the objectives of the organisation.



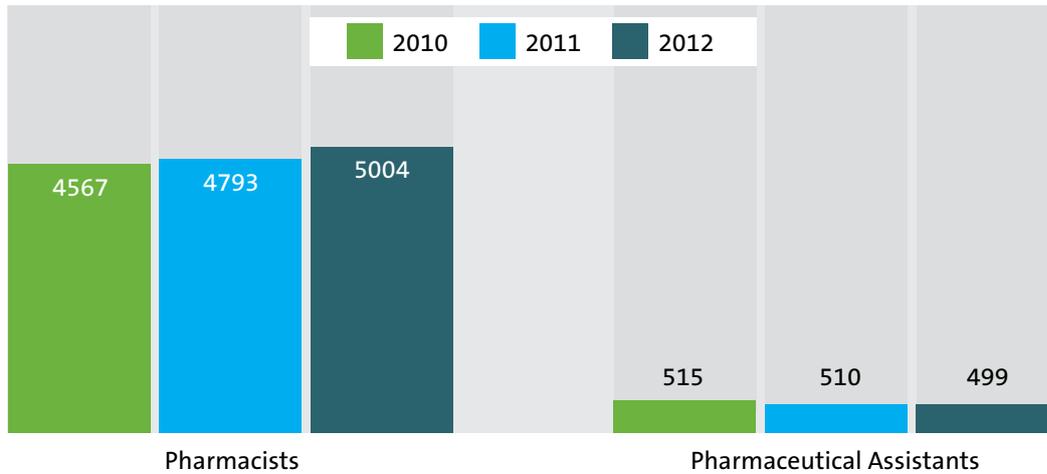
Ciara McGoldrick

Acting Registrar

Registration and Qualification Recognition

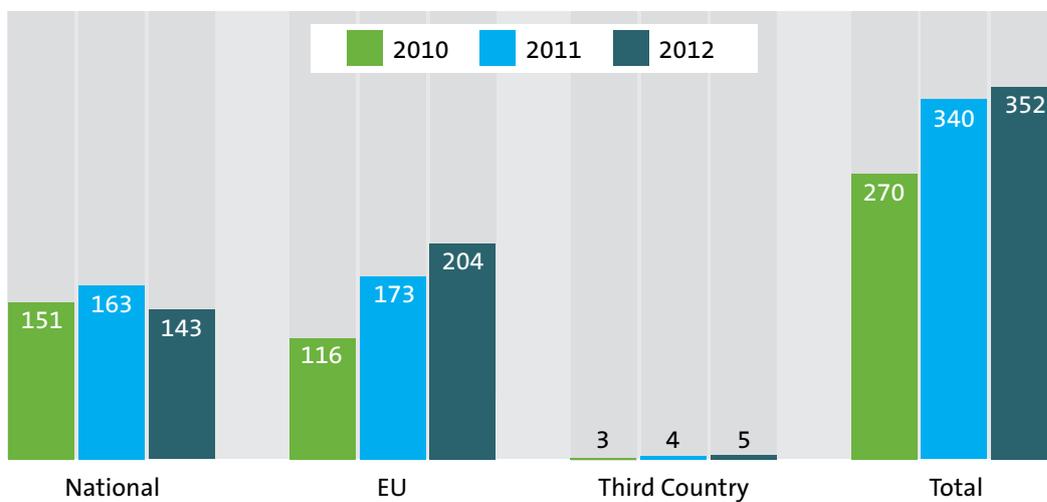
The number of registered pharmacists increased from 4,793 in 2011 to 5,004 in 2012 and the number of registered pharmaceutical assistants decreased by 11 in 2012 (figure 1). This is the first time that the number of pharmacists on the register has exceeded 5,000.

Fig. 1. The Number of Registered Pharmacists and Registered Pharmaceutical Assistants



In 2012 the total number of pharmacists added to the Register of Pharmacists held by the PSI was 352. This represented an increase of 12 from 2011. The number of pharmacists registered by the PSI through the different registration routes from 2010 to 2012 is illustrated in figure 2.

Fig. 2. The Number Of Pharmacists Added to the Register From 2010-2012



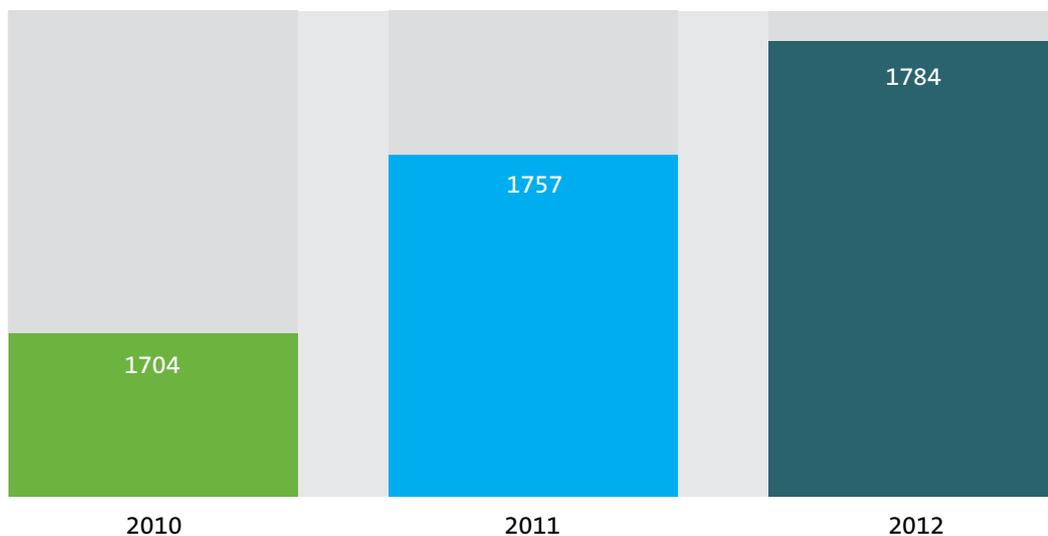
National legislation (European Union (Recognition of Professional Qualifications relating to the Profession of Pharmacist) Regulations 2012), was introduced by government to address a legislative anomaly previously identified by the PSI, which was causing significant difficulties for a cohort of pharmacists holding qualifications obtained in England and Northern Ireland when they sought to avail of recognition under the free movement provisions of the Professional Qualifications Directive 36/2005/EC.

In 2012 the Registration and Qualification Recognition Unit continued to keep under review, and actively participated within its remit in the review of the Professional Qualifications Directive 2005/36/EC.

Registration of Retail Pharmacy Businesses

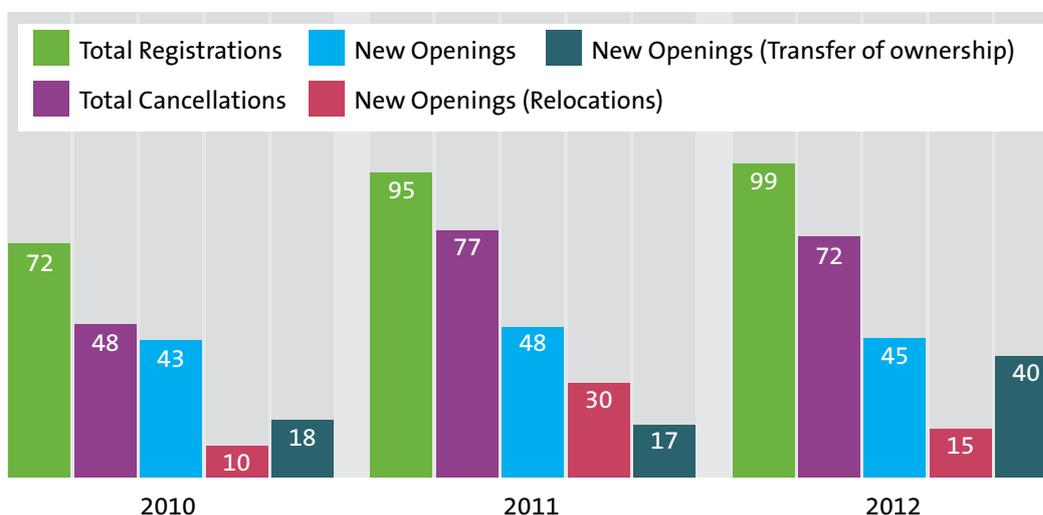
The total number of retail pharmacy businesses on the PSI Register at the end of 2012 was 1,784 which was an increase of 27 pharmacies from 2011 as illustrated in figure 3.

Fig. 3. Total Number of Registered Retail Pharmacy Businesses



As illustrated in figure 4 the number of new openings decreased from 48 in 2011 to 45 in 2012, the number of relocations also decreased from 30 in 2011 to 14 in 2012 and the number of transfers of ownership increased from 17 in 2011 to 40 in 2012.

Fig. 4. Total Number of Registrations and Cancellations of Registrations of Retail Pharmacy Businesses



A project was completed in 2012 to verify the ownership details of 125 Retail Pharmacy Businesses and the information held on the PSI Register was updated to reflect the correct ownership details.

The PSI processed 400 notifications relating to changes in Superintendent and/or Supervising Pharmacists in 2012.

The PSI processed 60 applications in respect of material changes carried out to retail pharmacy businesses in 2012.

Inspection and Enforcement

Significant work was undertaken by the Inspection and Enforcement Unit (I&E Unit) in 2012 in the areas of inspection, investigation, prosecution, referrals to complaints and other enforcement and specialist surveyor activity.

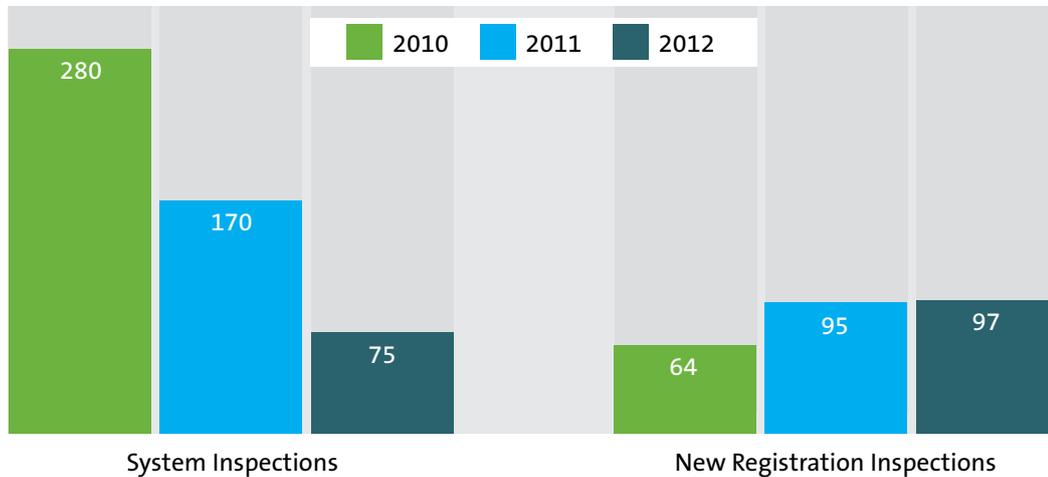
Inspection

The PSI inspects retail pharmacy businesses (pharmacies) to assess compliance with the Pharmacy Act 2007 and with other pharmacy and medicines legislation in the interests of the health and safety of the public. The PSI carries out two main types of inspections:

1. Systems inspections (under section 67 of the Pharmacy Act 2007)
2. Inspections of new pharmacy registrations (under section 19 of the Pharmacy Act 2007)

A total of 172 inspections were undertaken in 2012. This figure represents 97 new pharmacy registrations and 75 systems inspections. There was a decrease in the number of inspections carried out in 2012. This was due to the complex nature of investigations undertaken in the same period and the significant resources required from the I&E Unit to advance these investigations in a timely manner. Inspection activity undertaken by the Unit is set out in the figure 5 below.

Fig. 5. Number of Inspections by Inspection Type From 2010-2012



Investigation

The PSI carries out investigations under Part 7 of the Pharmacy Act 2007. Investigations typically involve an inspection or series of pharmacy visits. A total of 28 investigations were commenced during 2012 which required 34 visits to pharmacies. Many of these pharmacy visits involved the attendance of a number of authorised officers per site visit.

Specialist Surveyor Activity

In 2012, 392 specialist surveyor visits took place. The work carried out by the specialist surveyors in 2012 was targeted to review specific areas and project based activities.

Enforcement

Where non compliances are found as a result of an inspection or an investigation, a range of actions may be taken under the Pharmacy Act 2007. The actions include instituting summary proceedings, commencing disciplinary proceedings against pharmacists or pharmacies, referring matters to other bodies for their consideration as well as taking any other action which the PSI deems appropriate.

The Council of the PSI took 12 prosecutions for breaches of pharmacy and medicines legislation in 2012. A total of 5 prosecutions were completed in 2011. The main offences which the PSI prosecuted for in 2012 related to:

- Matters around the maintenance of the controlled drugs register;
- Matters around the maintenance of the prescription register;
- The sale and supply of medicines in cases where a pharmacist was not present.

A further 10 prosecutions are in progress. Further details regarding the PSI's prosecutions can be found on the PSI website at www.thepsi.ie.

Four cases that were referred to the complaints process following the consideration of an authorised officer's report under the Pharmacy Act 2007 were completed in 2012. A further 8 cases are in progress.

Nineteen other actions, including the issuance of warning letters, receipt of undertakings from pharmacists and referrals to other bodies were undertaken in 2012.

The Inspection and Enforcement Unit published 5 articles entitled "The Inspector Advises" in the PSI Newsletter during 2012. The advice contained in these articles was developed to provide information to pharmacists and/or pharmacy owners in direct response to non-compliance trends noted during inspections.

All authorised officers from the I&E Unit completed training in the area of investigation which was organised and delivered by the Garda Bureau of Criminal Investigation (NBCI). The PSI would like to record its gratitude to the NBCI and Detective Sergeant Ian McLaughlin and Detective Garda Paddy Cleary in particular for their efforts in delivering the course of training.

The PSI continues to co-operate with and collaborate with other agencies in undertaking investigations. The agencies involved are the Irish Medicines Board (IMB), the Department of Agriculture, Food and the Marine, the Health Service Executive (HSE) and the Department of Health, Social Services and Public Safety in Northern Ireland.

Professional Development and Learning

The launch of the Irish Institute of Pharmacy and the National Forum for Pharmacy Education & Accreditation by An Taoiseach in February 2012 in Dublin Castle marked a significant milestone for the Council of the PSI and for the profession of pharmacy. Some considerable progress was made in 2012 in advancing the implementation of the five-year fully integrated Masters degree in pharmacy through the partnership arrangements with the higher education institutions that were established by the PSI under the auspices of the National Forum. The Council commissioned an analysis of the costs associated with the delivery of the new fully integrated degree. With regard to the Institute of Pharmacy, securing the sustainable financial basis and establishing its main operating principles and structures were key in 2012.

Council defined the content and format for the ab initio and the refresher 'Seasonal Influenza Vaccination Training Programmes for Pharmacists' to take account of the Influenza Vaccination Risk Review Group report from June 2012. The PSI worked closely with the School of Pharmacy and Pharmaceutical Sciences at the University of Dublin, Trinity College which was designated by Council as the accrediting body for the purposes of evaluating the training programmes using Council's accreditation standards.

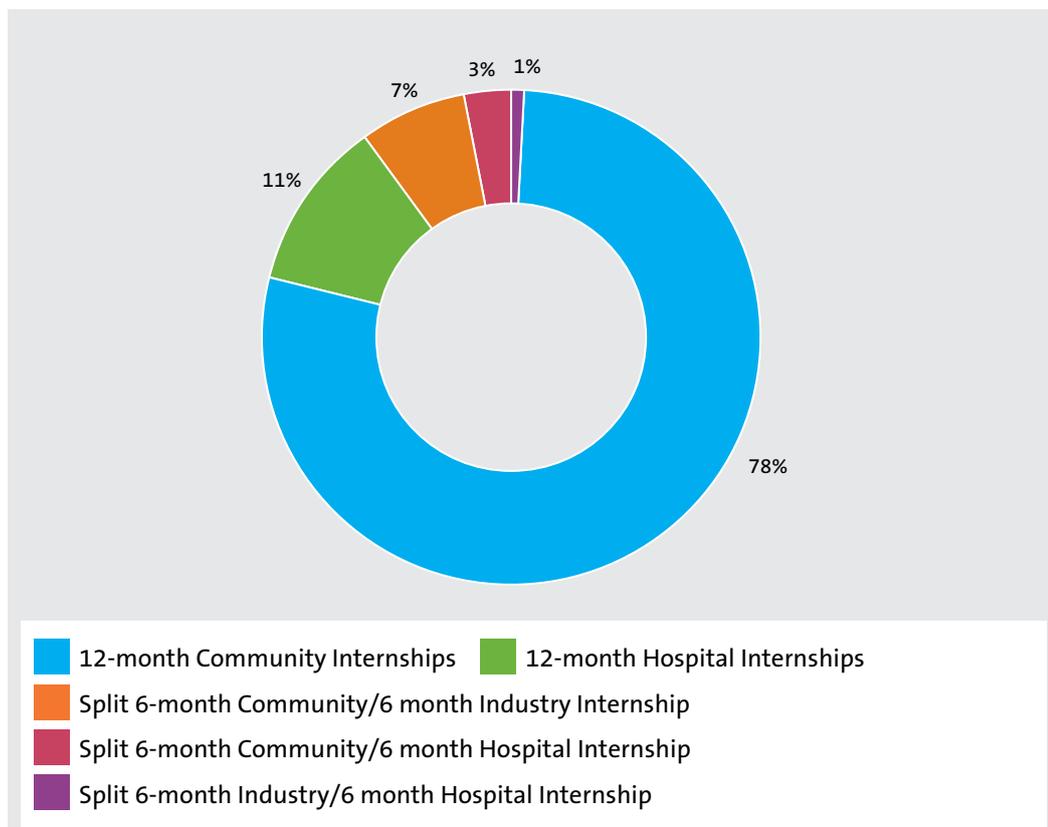
Following a public consultation, Council approved new interim accreditation standards and a new accreditation process for the level 8 Bachelor degrees awarded on the successful completion of the 4 year undergraduate pharmacy degree programmes. An accreditation visit using these new standards was carried out by an international panel on behalf of the Council for the Bachelor of Science in Pharmacy degree awarded by the Royal College of Surgeons in Ireland (RCSI) in November 2012.

Major work was also undertaken to develop new accreditation standards to underpin the roll-out of the new five-year fully integrated Masters degree in pharmacy with the assistance of a group comprising national and international experts.

The successful partnership with the School of Pharmacy in the RCSI for the delivery and management of the National Pharmacy Internship Programme (NPIP) on behalf of the Council of the PSI was renewed in 2012 for a further year and programme developments were implemented for pharmacy interns and tutor pharmacists. New refresher training for tutors – the Tutor Network Meetings – as required by Council, was developed and delivered by the RCSI.

Figure 6 provides an overview of the structure of placements undertaken by pharmacy interns who commenced the NPIP in September 2012. A total of 144 pharmacy interns completed the programme in 2012 following the May and October sittings of the Professional Registration Examination.

Fig. 6. Overview of The Structure of Placements Undertaken by Pharmacy Interns Who Commenced The National Pharmacy Internship Programme in September 2012.



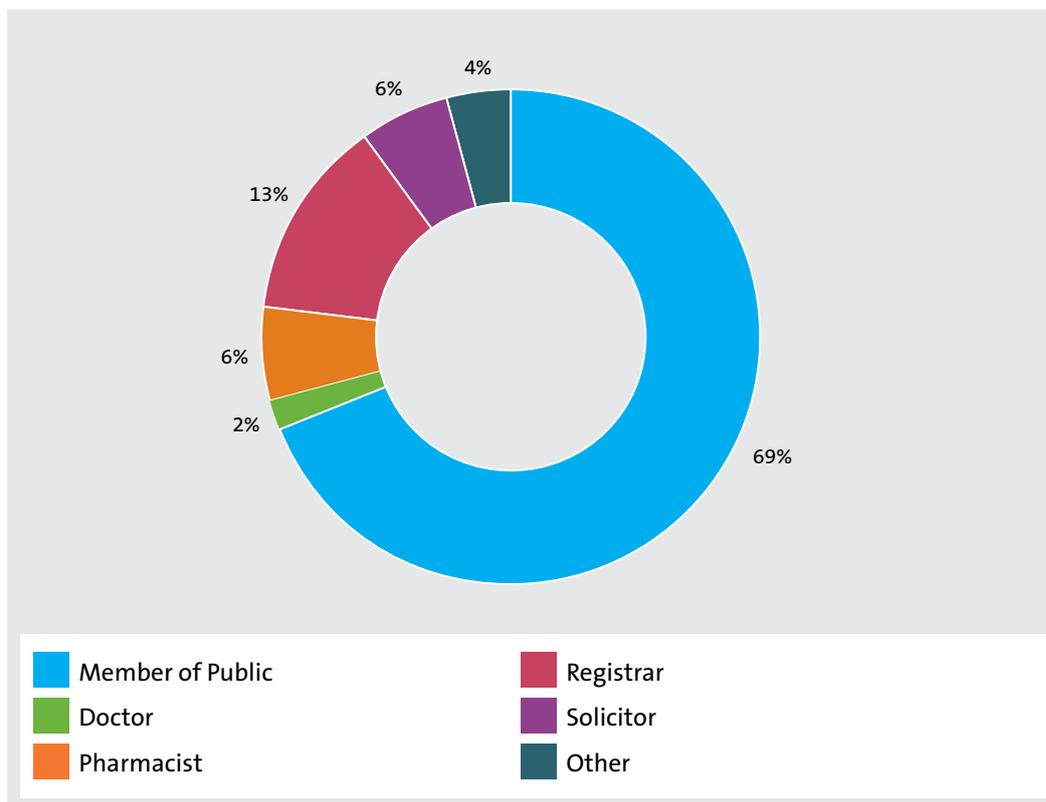
Fitness to Practise and Legal Affairs

In 2012, a total of 48 formal complaints were received under Part 6 of the Pharmacy Act 2007. This is almost a 30% reduction on 2011 figures where 68 complaints were received in the same period and represents for the first time since the commencement of the Act, a decrease in the number of complaints received annually.

For the third year running the majority of the complaints (69%) were received from members of the public as illustrated in figure 7. There was a significant decrease in complaints received from members of the profession with only 6% of all complaints originating from pharmacists in 2012.

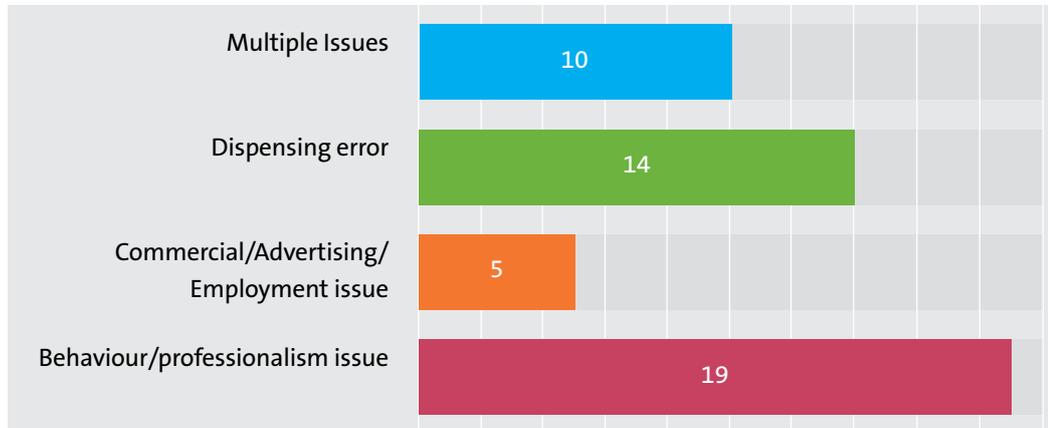
Six Complaints (13% of the overall figure) were made by the Registrar in 2012 following inspections carried out by the Inspection and Enforcement Unit. Four complaints were made by the Registrar in 2011 (6% of the overall complaints received in 2011).

Fig. 7. Breakdown of complaints by source in 2012



The complaints received in 2012 are broken down further into categories in figure 8. The highest number of complaints received related to Behaviour and Professionalism issues, almost 40%.

The greatest proportion of complaints received in 2011 (22%) related to Commercial / Advertising / and Employment issues whereas 2012 records that complaints relating to Commercial / Advertising / Employment issues account for 10% of the overall total of complaints received. Five of the 14 complaints received related to paediatric dispensing errors.

Fig. 8. Categories of Complaints Received in 2012

The Preliminary Proceedings Committee

In 2012, 49 complaints were referred to the Preliminary Proceedings Committee (PPC). Under Section 38 of the Act it was decided that there was sufficient cause to warrant further action in relation to 13 complaints, all of which were referred to the Professional Conduct Committee (PCC) for inquiry. No complaints were referred to Mediation or to the Health Committee in 2012. The PPC determined that there was not sufficient cause to warrant further action in respect of 33 complaints received in 2012. Three complaints were withdrawn by the complainant.

The two deferred complaints reported as deferred in the 2011 Annual Report remain deferred at year end 31 December 2012.

Fitness to Practise Inquiries

Thirteen complaints were heard before the two Statutory Committees of Inquiry in 2012. 12 complaints were heard by the Professional Conduct Committee (PCC). All of the inquiries held before the PCC were conducted in public save for one which was held partly in public and partly in private. The PCC gave a direction that the respondent pharmacist was not to be identified in relation to another one of the complaints although the inquiry itself was conducted in public. The Health Committee considered one complaint in 2012. This inquiry was conducted in private.

Outcomes of Fitness to Practise Inquiries

The PCC found eight complaints to be substantiated and two complaints not to be substantiated. The PCC accepted Section 46 undertakings in dealing with two complaints and therefore did not give consideration to whether the complaints were substantiated.

The Health Committee found one complaint to be substantiated.

Sanctions imposed by the Council arising from 2011 Inquiries

In the 2011 Annual Report it was noted that as at 31 December 2011, the Council of the PSI had considered reports issued by the PCC in relation to 3 of the 6 inquiries conducted in 2011. The remaining 3 reports were considered by the Council in 2012. In relation to two of those complaints the PCC found the complaints not to be substantiated and therefore the Council dismissed the complaints.

Following submission by the PCC of the the third report to the Council of the PSI:

- One pharmacist consented to being admonished by the Council under Section 46(1)(d) of the Pharmacy Act 2007;

- One pharmacist consented to being censured by the Council under Section 46(1)(d) of the Pharmacy Act 2007.

Sanctions imposed by the Council arising from 2012 Inquiries

In relation to the inquiries conducted in 2012 – the Council of the PSI imposed the following sanctions:

- Four registrants were censured and had conditions attached to their registration,

- One registrant was censured,

- Two registrants are awaiting sanction.

Applications pursuant to Section 45 of the Pharmacy Act 2007

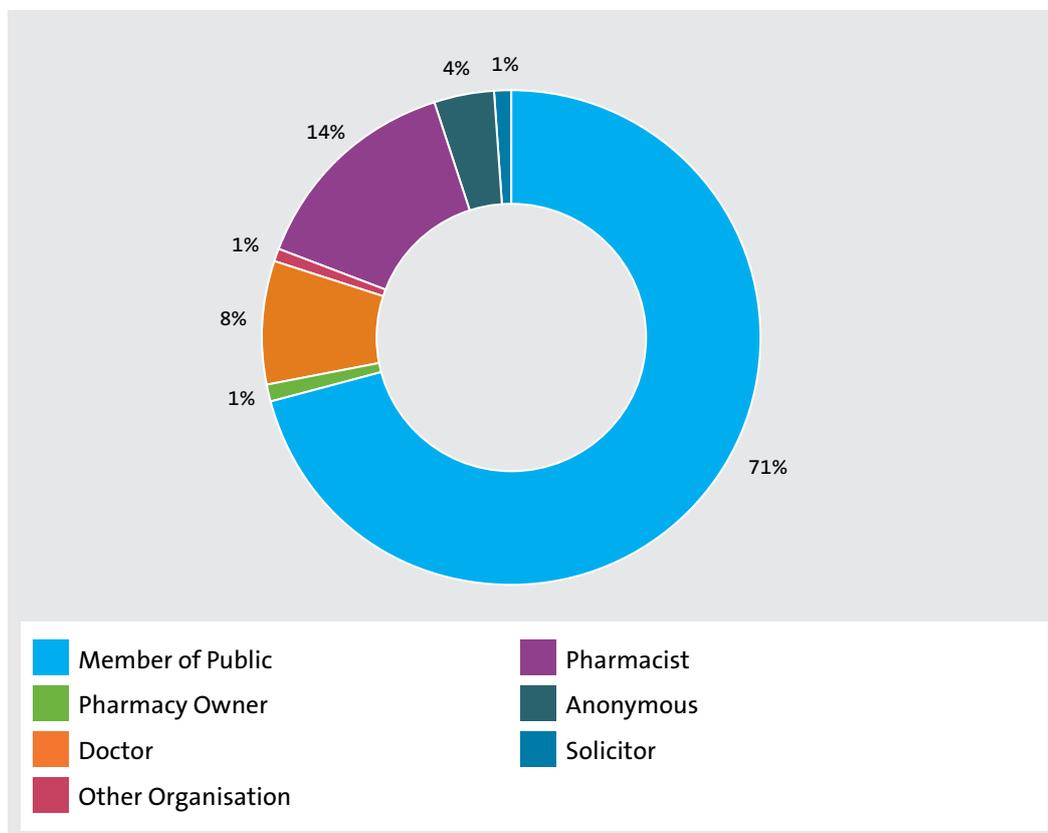
Section 45 of the Act provides that the Council of the PSI may apply to the High Court for an order to suspend the registration of a registered pharmacist or registered retail pharmacy business against whom a complaint has been made if there is a risk to the health and safety of the public which is of such magnitude that a registration should be suspended pending the conclusion of the Inquiry process.

In 2012, the Council of the PSI made one application to the High Court for an interim suspension of a registration pending conclusion of proceedings under Part 6 of the Act.

Expressions of Concern

In addition to processing formal complaints for the purposes of Part 6 of the Pharmacy Act 2007, the Unit also deals with expressions of concern about pharmacists and retail pharmacy businesses. The PSI dealt with 85 such concerns in 2012. As illustrated in figure 9 the majority of concerns originated from members of the public.

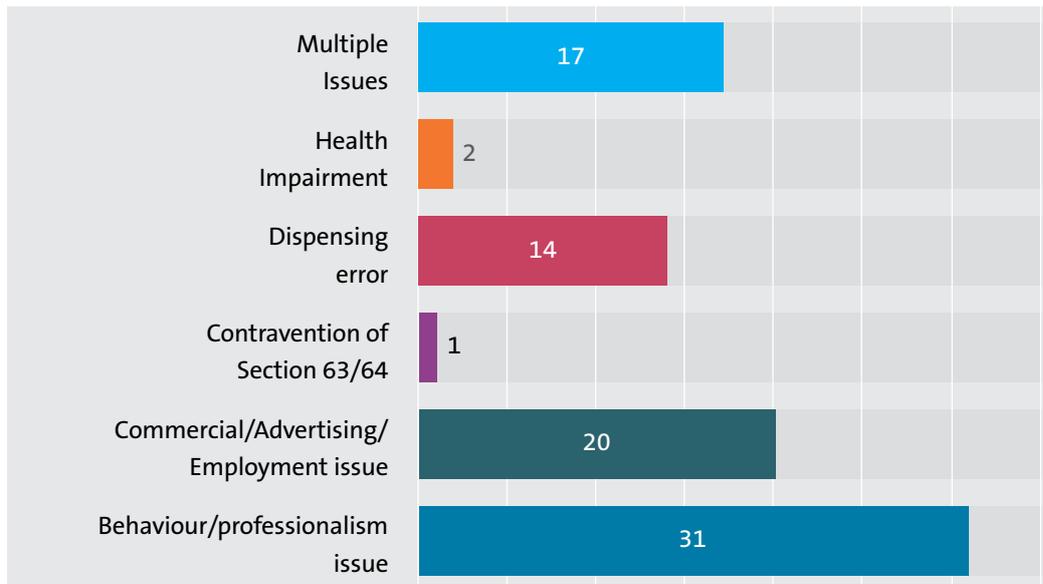
Fig. 9. Breakdown of Expressions of Concern by Source in 2012



Categories of Expressions of Concern

The concerns received are broken down into categories in figure 10 with the highest number of concerns again this year relating to behaviour/ professionalism issues.

Fig. 10. Categories of Expressions of Concern Received in 2012



Of the 85 expressions of concern, 13 resulted in formal complaints under the fitness to practise and fitness to operate system, 28 were referred to other Units including the Inspection and Enforcement Unit for further action and 37 having been formally reviewed, required no further action. The remaining 7 expressions of concern are still under examination. The response of the PSI to both complaints and expressions of concern are independently audited by a national patient advocacy group with experience in this area.

Pharmacy Practice Development

In 2012, the Council approved the first core competency framework for pharmacists, which had been developed using the WHO-UNESCO-FIP global framework as a mapping tool and subjected to a public consultation and consultation with the profession. The current competency framework for pharmacists aims to reflect the practice of pharmacists at entry to the register stage of their career i.e. 0-3 years registered; however it is intended that the framework would also be used to provide structure and guidance for continuing professional development (CPD) over the changing demands of a pharmacist's career.

Guidelines to facilitate the requirements relating to pharmacy premises and equipment of the Regulation of Retail Pharmacy Businesses Regulations 2008 were also developed in 2012, including draft guidelines being issued for public consultation. The guidelines were approved by Council in September 2012. These guidelines aim to provide clarity and support regarding the premises and equipment requirements of a Retail Pharmacy Business, in the context of existing pharmacies and new openings.

A baseline study of hospital pharmacy practice was conducted in 2012 by Crowe Howarth, which included an international review of hospital pharmacy practice, as well as a survey of hospital pharmacists and pharmacies in Ireland. This survey yielded a very positive response with 43% of pharmacists and 61% of pharmacies responding. In addition 16 site visits of hospitals were conducted. This study has provided a valuable insight into hospital pharmacy in Ireland and it is intended that the findings of this work would inform policy in this area in the future, in the interest of improving patient health and safety.

Guidance was issued to the profession in 2012 relating to the safe supply of oral methotrexate and the supply of non-prescription amorolfine, and the guidance relating to the provision of seasonal influenza vaccination services in pharmacies was revised and re-issued for the 2012/2013 season.

A consultation skills training course was developed in conjunction with the ICCPE and a number of training days held in 2012.

Communications and public affairs

The Council approved a Communications Strategy in 2012, which will inform the development of the PSI's next corporate strategy and consolidate the PSI's communications and relationships with patients, the public, the profession and pharmacy owners in the coming years.

Activity in relation to the promotion of the International Pharmaceutical Federation (FIP) Congress in Dublin in 2013 significantly increased in 2012. A Local Host Committee was established with the participation of a wide range of stakeholders and partners from the island of Ireland, and significant work was done in relation to the promotion of the 2013 event both locally and internationally, including partnering with the 2013 Gathering event.

A successful launch event was held in Dublin Castle on 2nd February with the Taoiseach, Enda Kenny TD, for the Irish Institute of Pharmacy, the National Forum for Pharmacy Education and Accreditation, and the 2013 FIP Congress.

The Communications and Public Affairs Unit, in 2012, also managed the relationship with the media and other stakeholders through press releases, media interviews and other activities. A monthly e-newsletter was issued to pharmacists, including a special focus on CPD in April and communications to the profession regarding observations and issues arising from the fitness to practise processes. A quarterly corporate e-newsletter was also initiated. In 2012 the PSI issued 8 press releases. The PSI received one request for information under the Freedom of Information (FOI) Act in 2012, which was handled outside the FOI Act.

Information and communications technology

Upgrades and new functionality were added to the Registration System during 2012. These included the management of conditions attached to registration, updates to continued registration documentation and improvements to online facilities for registrants. The use of these online facilities by pharmacists increased from 43% in 2011 to 49% in 2012.

The case management system was further deployed to support the Fitness to Practise and Inspection & Enforcement Units together with general query management within the organisation.

Significant work was undertaken on the ICT infrastructure for the interim office move to Hogan Place and in preparatory tasks for the final move to PSI House on Fenian Street.

Administration and Finance

In 2012 the sale of 18 Shrewsbury Road, Dublin 4 was closed. The premises were leased back until May 2012 when we moved to a temporary location at Hogan Place, Dublin 2. Council approved a budget of €3.539m for the refurbishment and fit-out of the new headquarters in Fenian Street, Dublin 2. Tenders were sought for various elements of the process. The tenants in Fenian Street availed of a break clause in their lease. They vacated the premises in September 2012.

In September 2012 the works contractor commenced the refurbishment project with a five month time scale. To end of 2012 the work progressed on time and within budget. The PSI staff moved to the new premises in March 2013. Modern offices and meeting rooms are now available to the PSI and its registrants for all its activities.

In 2012 three procurement competitions were completed for the appointment of a HR Consultant, expert advisory assistance in the development of PSI Corporate Strategy (2013-2017) and for exhibition management services for the FIP Congress.

PSI funds were invested with the National Treasury Management Agency (NTMA), Ulster bank and AIB Bank during the year, at the best interest rates available.

The funds of the PSI staff superannuation scheme were also lodged with the NTMA and AIB Bank during 2012, again to maximise income.

The PSI is now subject to the Prompt Payment of Accounts legislation. A quarterly reporting system is in place and the report is published on the PSI website. The report must also be submitted to the Department of Health each quarter.

The Administration and Finance committee held five meetings in 2012 and the attendance records of the meetings are outlined in Appendix B.



PSI Council 2012

PSI Council

The PSI Council held eleven meetings in Dublin in 2012 on the following dates; 31st January; 27th February; 28th March; 3rd May; 24th May; 26th June; 27th July; 19th September; 27th September; 25th October and 4th December.

The overall attendance at Council meetings and Committee meetings was high. This reflects the high level of commitment from individual members of Council and Committees. As required under the Code of Practice for the Governance of State Bodies, the attendance levels, fees and expenses paid to members of the Council are set out in Appendix A and C.

The PSI Council held an election on 24th May 2012 to appoint a President and Vice-President. Mr. Paul Fahey was re-elected as President and Mr. Eoghan Hanly was re-elected as Vice-President, each for a one year term.

PSI Council 2012-Major Policy Initiatives

- Interim accreditation standards and a new accreditation process for the level 8 Bachelor degrees awarded on the successful completion of the 4 year undergraduate pharmacy degree programmes was approved by Council in March 2012.

- The launch of the Irish Institute of Pharmacy and the National Forum for Pharmacy Education & Accreditation by An Taoiseach in February 2012.

- Eligibility criteria for tutor pharmacists and training placements approved by Council in March 2012.

- The successful partnership with the School of Pharmacy in the RCSI for the delivery and management of the National Pharmacy Internship Programme (NPIP) on behalf of the Council of the PSI was renewed for a further year in 2012.

- Core competency framework for pharmacists was approved by Council in March 2012.

- Guidelines to facilitate the requirements relating to pharmacy premises and equipment of the Regulation of Retail Pharmacy Businesses Regulations 2008 were approved by Council in September.

- Guidelines on the safe supply of Oral Methotrexate was approved by Council in June 2012.

- The Influenza Vaccination Risk Review Group Report was endorsed by Council in June 2012.

- Interim Accreditation Standards for Seasonal Influenza Vaccination Training Programme was approved by Council in June 2012.

- A baseline study of hospital pharmacy practice was conducted in 2012 by Crowe Howarth and the Hospital Baseline Report was adopted by Council in December 2012.

- Communications Strategy approved by Council in September 2012.

- A Local Host Committee for the International Pharmaceutical Federation (FIP) Congress in Dublin in 2013 was established and significant work was done in relation to the promotion of the 2013 event both locally and internationally.



**Financial Report
for the period 1st January 2012 to
31st December 2012**

Financial Report for the period 1st January 2012 - 31st December 2012

The 2012 annual accounts of the PSI have been audited by our Auditors Anne Brady McQuillan DFK, and the details of the accounts are shown in the attached Financial Statements for the year ended 31st December 2012.

Income in 2012 was €6.991m, which was an increase of €0.748m on the 2011 figure of €6.242m. The increase was due to the increase in rent received on our new premises and increased interest due to the lodgement of funds from property sales.

The total cost of operations in 2012 was €5.364m compared to €5.468m in the previous year. Direct pay costs were €2.054m in the year 2012, which was a slight reduction from the 2011 costs of €2.065 m. The approved staffing level remained at 25.

The PSI's superannuation schemes cover all eligible employees, with an employee's contributions being deducted from pay. The schemes funds are held on deposit pending the decision of the Department of Public Expenditure and Reform on the funding mechanism. It is understood that the appropriate approval will issue in 2013.

The total operating surplus in 2012 was €1.928m compared to €0.870m in 2011. This surplus includes the annual designed reserve of €500,000, agreed by the Council, for possible future legal actions against the Council. The net surplus of €1.444m is mainly accounted for by a number of once-off factors, which occurred in 2012 as follows:-

	€m
Pay savings due to non-filled posts	0.382
Delay in commencing Institute of Pharmacy	0.546
National Forum	0.109
Penalty income from Fenian Street tenants	0.221
Increased interest from investment of sales of property funds	0.150

The balance sheet as at the 31st December 2012 shows that total assets exceeded liabilities by €11.126m compared to €9.182 at the 31st December 2011. This is represented as follows:

	2012 €m	2011 €m
Income and Expenditure Account	8.626	7.182
Designate Reserve (future legal costs)	2.500	2.000
Closing Reserves	11.126	9.182

The Auditors, Anne Brady McQuillans DFK state that in their opinion the Financial Statements give a true and fair view of the state of the PSI's affairs at 31st December 2012 and of its results for the year 2012.

They are also of the opinion that the results for the year have been properly prepared in accordance with the Schedule 1, paragraph 16 of the Pharmacy Act 2007 and Generally Accepted Accounting Practice in Ireland. They also confirm that they obtained all the information and explanations necessary for the purpose of the audit and that proper books of accounts have been kept by the PSI.

Financial Results 2012

The table below outlines the operating income and expenditure result for 2012 as against the original 2012 budget. These figures exclude transactions for the sale of tangible fixed assets.

Outturns for year 2012 from operating activities as against original budget

	Original Budget €000	Outturn €000	Variance €000	% Variance %
Total Income	6,904	7,292	388	6%
Expenditure				
Pay Costs	2,713	2,332	381	14%
Non Pay Costs	4,016	3,016	1,000	25%
Total Expenditure	6,729	5,348	1,381	21%
Taxation on operating activities	75	0	75	100%
Reserve Fund	100	500	(400)	(400%)
Total Expenditure after Reserve & tax	6,904	5,848	1,056	15%
Surplus	-	1,444	Carried Forward	

Income

Income increased from €6.338m to €7.292m in the year, mainly due to the payment of break clause penalties by the tenants from the Fenian Street property and also because of the increased level of investment as a result of the sales of Shrewsbury Road and Northumberland Road properties. The majority of continued registration fees are collected in the November to January period and is weighted across the year for budgetary purposes. The resultant deferred income held at the 31st December 2012 was €6.015m.

Cash Management

During 2012 the PSI held deposits with the National Treasury Management Agency (NTMA), Ulster Bank and AIB Banks as approved by Council. Its current account is with Ulster Bank. In 2012 the PSI did not require overdraft facilities.

Pay Costs

The total pay and pension costs in 2012 were €2.332m (2011: €2.382m). The level of permanent whole time staff approved by the Department of Health and the Department of Finance in 2012 remained at 25 and was not exceeded. In 2012, services were purchased from external service providers, particularly in the legal area, to enable the PSI to continue to fulfil its statutory obligations.

In compliance with the Code of Practice for the Governance of State Bodies 2009, the Registrar's salary as approved by the Minister for Health with the consent of the Minister for Finance was €145,952 pa. In April 2012 the Registrar resigned from the PSI to take up another post and has been replaced by an Acting Registrar pending the permanent filling of the post.

The travel and subsistence expenses paid to the Registrar in the period January to April 2012 was €1,448 (2011 €2,250) and €1660 was paid to the Acting Registrar for the period May to December 2012. These expenses were formally approved by the President of the PSI and are subject to scrutiny by the Internal Auditor and the Audit Committee. In addition the fees and travel expenses paid to Council members and employees of the PSI are also subject to scrutiny by the Internal Auditor and the Audit Committee and are formally approved by the Registrar.

In compliance with Schedule 1, paragraph 14 of the Pharmacy Act 2007, staff pay rates in the PSI are those approved by the Minister for Health, with the consent of the Minister for Public Expenditure & Reform, for health sector grades. No overtime, bonuses or performance payments were paid by the PSI in 2012 in accordance with the directive of the Department of Public Expenditure & Reform.

The level of absenteeism by PSI staff was again low in 2012. The commitment and dedication to work by PSI staff is highly valued by the Acting Registrar and Council, particularly in 2012 with a move from Shrewsbury Road to Hogan Place, and at year end in preparation for the move to the new PSI headquarters in Fenian Street.

Non Pay Costs

The total non-pay costs in 2012 were €3.016m (2011: €2.970m). The major elements were:

	2012 €m	2011 €m
• Legal and professional fees	.539	.525
• ICT costs	.287	.272
• Printing, postage and stationery	.187	.247
• Repairs, maintenance and other property costs	.181	.102
• Communications and Public Affairs	.157	.154
• Depreciation	.150	.173
• National Forum	.124	.185
• Institute of Pharmacy	.054	.187

Legal Costs

Legal and Professional costs increased by 2.6% over the 2011 costs, which indicates that we may be reaching a plateau following the steep increases in these costs in previous years. The level of Fitness to Practise activity continued to grow and strong efforts were made to contain legal costs in 2012.

Other Costs

The PSI used its procurement procedures in 2012 to ensure that best value for money was achieved. Printing and stationery costs reduced significantly particularly due to the new contract for printing registration documents. Stocks were contained to a minimum due to the office movements involved in 2012 and planned for early 2013. Depreciation costs also fell as the new premises were not depreciated due to the on-going work there. The planned expenditure of €600,000 on the Institute of Pharmacy only reached €54,000 as contract negotiations continued throughout the year. The Institute will commence operations in 2013.

Superannuation

The PSI has a statutory obligation to provide for superannuation schemes in accordance with Schedule 1 paragraph 15 of the Pharmacy Act 2007. All employees of the PSI are required to be members of the superannuation scheme and contributions are deducted from salary. The PSI pays an employer's contribution of 25%-30% depending on the Social Welfare status of the employee. The superannuation funds are currently invested with AIB Bank pending a decision from the Department of Public Expenditure and Reform on the funding mechanism to be applied to the schemes. The appropriate documentation will be prepared in the Department of Health in the coming months.



**Financial Statements
for the year ended 31st December 2012**

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Statement on the Systems of Internal Financial Control for the year ended 31st December 2012

Responsibility for the Systems of Internal Financial Control

On behalf of the PSI, we acknowledge our responsibility for the system of internal financial control in the PSI, and for putting in place processes and procedures for the purpose of ensuring that the system is effective.

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

The Council and the Office of the Registrar have taken steps to ensure an appropriate control environment is in place by:

- Establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation
- Clearly defining and documenting management responsibilities and powers
- Developing a strong culture of accountability across all levels of the organisation
- Working closely with Government and various agencies and institutions to ensure that there is a clear understanding of the functions of the PSI and support for the PSI's strategies to fulfil its statutory obligations
- Ensuring only salary rates approved by the Minister for Health are paid to employees.

The Council and the Office of the Registrar have also established processes to identify and evaluate risks to the organisation. This is achieved in a number of ways, including:

- Identifying the nature, extent and financial implications of risks facing PSI
- Assessing the likelihood of identified risks occurring
- Assessing the PSI's ability to manage and mitigate the risks that do occur
- Carrying out regular reviews of strategic plans and objectives both short and long term and evaluating the risks to bringing those plans to fruition
- Setting annual and longer term targets for each area of the organisation followed by regular reporting on the results achieved

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- Identifying the nature, extent and financial implications of risks facing PSI
- Assessing the likelihood of identified risks occurring
- Assessing the PSI's ability to manage and mitigate the risks that do occur
- Carrying out regular reviews of strategic plans and objectives both short and long term and evaluating the risks to bringing those plans to fruition
- Setting annual and longer term targets for each area of the organisation followed by regular reporting on the results achieved

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

- A detailed budgeting system with an annual budget which is reviewed and agreed by the Council
- The Council and the Office of the Registrar are responsible for preparing the accounts in line with Schedule 1 paragraph 16 of the Pharmacy Act 2007. Regular reviews are carried out by the Administration and Finance Committee and the Council of quarterly and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performances

The Pharmaceutical Society of Ireland

Statement on the Systems of Internal Financial Control for the year ended 31st December 2012

The procedures for monitoring the effectiveness of the internal financial control system are outlined below:

The PSI has an internal audit system which consists of the Internal Auditors and the Audit Committee. The Audit Committee meets on a quarterly basis to review reports prepared by Internal Audit and other relevant issues. The Audit Committee assures Council that the PSI has adequate financial and non-financial control systems in place. The Audit Committee reports on a quarterly basis to the Council in relation to the matters that it has considered.

The PSI operates in accordance with the Code of Practice for the Governance of State Bodies. A rolling three-year Internal Audit Plan is approved by the Audit Committee and revised annually where required. The current work plan takes account of areas of potential risk identified in a risk assessment exercise carried out with management. The Internal Auditor provides the Committee with reports on assignments carried out. These reports highlight deficiencies or weaknesses, if any, in the system of internal financial control and the recommended corrective measures to be taken where necessary.

The Administration and Finance Committee review on a regular basis the period financial accounts of the PSI and on an annual basis the financial statements and make recommendations as necessary to Council. The Administration and Finance Committee also have an oversight role of both the financial affairs and the strategic planning of the PSI's finances in line with the Corporate Strategy.

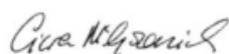
We confirm that in the year to 31st December 2012, the Council conducted a review of the system of internal financial controls and a review of the compliance with Code of Practice for the Governance of State Bodies. The Audit Committee reviewed reports from the Internal Auditors on Travel and Subsistence, Credit Card Expenditure and Council /Committee Members Fees, Financial Management and Banking & Finance, and were satisfied that proper processes and procedures were followed.

An interim audit was also carried out by the External Auditors during 2012. The Council's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit Committee which oversees the work of the Internal Auditor, the External Auditor and the senior managers within the PSI who have responsibility for the development and maintenance of the financial control framework.

This statement has been formally approved by the PSI Council on 26th March 2013 and signed on its behalf by the President and the Acting Registrar:



Mr. Paul Fahey
President



Ms. Ciara McGoldrick
Acting Registrar

Statement of the Council's Responsibilities for the year ended 31st December 2012

Schedule 1, paragraph 16, of the Pharmacy Act 2007 requires the Council to prepare financial statements for each financial year which give a true and fair view of the income and expenditure and assets and liabilities of the PSI.

In preparing those financial statements, the Council is required to:

- select suitable accounting policies and then 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 PSI 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 confirm that it has complied with the above requirements in preparing 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 PSI and enable it to ensure that the financial statements comply with Schedule 1, paragraph 16, of the Pharmacy Act 2007. It is also responsible for safeguarding the assets of the PSI and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Council are aware:

- there is no relevant audit information (information needed by the PSI's auditors in connection with preparing their report) of which the PSI's auditors are unaware, and
- Council has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the PSI's Auditors are aware of that information.

On behalf of the Council



Mr. Paul Fahey
President



Mr. Eoghan Hanly
Vice-President

Independent Auditors' Report to the Council of the Pharmaceutical Society of Ireland

We have audited the financial statements of the Pharmaceutical Society of Ireland for the year ended 31st December 2012 which comprise the income and expenditure account, the balance sheet, cashflow statement and the related notes. These financial statements have been prepared under accounting policies set out on pages 32 to 34.

This report is made solely to the Council, as a body in accordance with Schedule 1, paragraph 16, of the Pharmacy Act 2007 and Generally Accepted Accounting Principles in Ireland. Our audit work has been undertaken so that we might state to the PSI's Council 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 PSI and the PSI Council as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Council and Auditors

The Council is responsible for preparing the Annual Report and the financial statements in accordance with Schedule 1, paragraph 16, of the Pharmacy Act 2007 and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), as set out in the Statement of Council's 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 our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Schedule 1, paragraph 16, of the Pharmacy Act 2007 and Generally Accepted Accounting Practice in Ireland. We also report to you whether in our opinion proper books of account have been kept by the PSI, and whether the information given in the Council'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 PSI's balance sheet and its income and expenditure account are in agreement with the books of account.

We report if, in our opinion, any information specified by the Pharmacy Act 2007 regarding Council members' remuneration or Council members' transactions is not given and, where practicable, include such information in our report.

Independent Auditors' Report to the Council of the Pharmaceutical Society of Ireland

We 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 we are aware from our audit of the financial statements. We are required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, and to form an opinion on the effectiveness of the risk and control procedures.

We read the Council's 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 judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the PSI'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.

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 PSI's affairs as at the 31st December 2012 and of its result for the year ended and have been properly prepared in accordance with the Schedule 1, paragraph 16, of the Pharmacy Act 2007 and Generally Accepted Accounting Practice in Ireland.

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

Independent Auditors' Report to the Council of the Pharmaceutical Society of Ireland

Emphasis of matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures in note 5 to the financial statements concerning the accounting treatment for retirement benefits. As the PSI has not been advised on how best to administer the funds of the defined benefit pension scheme as the Department of Public Expenditure and Reform has yet to approve the funding mechanism for the society, the pension scheme has been accounted for in the financial statements as if it were a defined contributions scheme. Had the pension scheme been accounted for under FRS 17, the actuarial gain / loss would be recognised in the Statement of Total Recognised Gains and Loss and the surplus / deficit of the funds assets over its liabilities would be recognised in the balance sheet as an asset or liability.

Natalie Kelly (Statutory Auditor)

for and on behalf of

Anne Brady McQuillans DFK

Chartered Accountants

& Registered Auditors

Iveagh Court

Harcourt Road

Dublin 2

The Pharmaceutical Society of Ireland

Accounting Policies for the year ended 31st December 2012

Accounting Convention

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with the Financial Reporting Standards of the Accounting Standards Board, with the exception of the superannuation scheme (as the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits have not been applied), as promulgated by the Institute of Chartered Accountants in Ireland..

Income Recognition

Income is recognised in the financial statements in the year to which the income relates.

Expenditure Recognition

Expenditure is recognised in the financial statements on an accruals basis as it is incurred.

Tangible Fixed Assets

Tangible fixed assets are stated at historic cost less accumulated depreciation.

Cost includes prime cost and overheads.

The PSI maintains its portraits, medals and badges in a good state of repair. The Council has deemed these assets should not be depreciated owing to the high residual values for which any periodic depreciation charge would be immaterial. The policy is to make provision in the event of any permanent diminution in the value of these assets. Portraits, medals and badges are reviewed annually for evidence of any permanent impairment in value.

It is the policy of the PSI to obtain a professional valuation of all freehold properties at the end of each year. Any material increases /decreases in value are then transferred to the revaluation reserve.

As the property acquired in Fenian Street, Dublin 2 in December 2011 was under refurbishment at 31 December 2012, no professional valuation was obtained.

The Pharmaceutical Society of Ireland

Accounting Policies for the year ended 31st December 2012

Depreciation

Depreciation is provided on all tangible fixed assets, other than portraits, medals and badges, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset systematically over its expected useful life, as follows:

Freehold premises	-straight-line over 50 years
Office equipment and fittings	-straight-line over 8 years
Computer equipment and computer software	-straight-line over 3 years
Portraits, medals and badges	-not depreciated

Assets under refurbishment are not depreciated until they are substantially ready for use. The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Pensions

The Pharmacy Act 2007 requires the PSI to provide a scheme for the granting of superannuation benefits to its staff.

The PSI's contribution to the scheme is charged to the income and expenditure account in the period to which they relate.

The provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits have not been applied.

Taxation

The Finance Act 2013, Section 35, amends Schedule to the Taxes Consolidation Act 1997 to include the Pharmaceutical Society of Ireland in the list of specified non-commercial State-sponsored bodies that qualify for exemption from certain tax provisions under section 227, of the Taxes Consolidation Act 1997. This section exempts from income tax and corporation tax certain income arising which would otherwise be chargeable to tax under Case III, IV and V of Schedule D. This exemption is to take effect from the date PSI was established.

The Pharmaceutical Society of Ireland

Accounting Policies for the year ended 31st December 2012

Foreign Currencies

The financial statements are prepared in Euro. Transactions in currencies other than euro are recorded at the rates ruling at the date of the transactions or at a contracted date. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange prevailing at the accounting date. Exchange differences are dealt with in the income and expenditure account.

Designated Reserves

The PSI has established a designated reserve within its reserves, which have been set aside by the Council for a specific purpose, namely for the cost of any future legal cases that the PSI may encounter. Each year an agreed amount is transferred from the income and expenditure account to the designated reserve. Such designations may be reversed by future Council decisions. Expenditure cannot be directly set against designated reserves but is taken through the income and expenditure account. A transfer is then made from designated reserves as appropriate. No expenditure was offset against the designated reserve through the income and expenditure account in 2012.

Income and Expenditure Account for the year ended 31st December 2012

	Notes	2012 €	2011 €
Income	1	6,991,170	6,243,342
Operating and direct expenses		(5,363,920)	(5,468,415)
Operating Surplus		1,627,250	774,927
Interest receivable		300,619	94,620
Surplus on ordinary activities before taxation	2	1,927,869	869,547
Surplus on sale of property		-	3,850,284
Surplus on activities before taxation	2	1,927,869	4,719,831
Tax on ordinary activities	6	16,455	(607,048)
Surplus on ordinary activities after taxation		1,944,324	4,112,783
Surplus for the year	12	1,944,324	4,112,783

The accounting policies on pages 39 to 41 and the notes on pages 38 to 48 form part of these financial statements.

The financial statements were approved by the Council on 26th March 2013 and signed on its behalf by



Mr. Paul Fahey
President



Mr. Eoghan Hanly
Vice-President

Balance Sheet

as at 31st December 2012

	Notes	2012		2011	
		€	€	€	€
Fixed Assets					
Tangible assets	7		6,262,252		3,942,105
Current Assets					
Stocks	8		-		1,277
Debtors	9		486,923		6,822,370
Cash at bank and in hand			12,735,080		7,407,469
			<u>13,222,003</u>		<u>14,231,116</u>
Creditors: amounts falling due within one year	10		<u>(6,392,791)</u>		<u>(7,597,459)</u>
Net Current Assets			<u>6,829,212</u>		<u>6,633,657</u>
Total Assets Less Current Liabilities			<u>13,091,464</u>		<u>10,575,762</u>
Creditors: amounts falling due after more than one year	11		<u>(1,965,089)</u>		<u>(1,393,711)</u>
Net Assets			<u>11,126,375</u>		<u>9,182,051</u>
Reserves					
Revaluation reserve	12		2,500,000		2,000,000
Income and expenditure account	12		8,626,375		7,182,051
Closing Reserves			<u>11,126,375</u>		<u>9,182,051</u>

The accounting policies on pages 39 to 41 and the notes on pages 38 to 48 form part of these financial statements.

The financial statements were approved by the Council on 26th March 2013 and signed on its behalf by



Mr. Paul Fahey
President



Mr. Eoghan Hanly
Vice-President

Cash Flow Statement

for the year ended 31st December 2012

	Notes	2012 €	2011 €
Reconciliation of operating surplus to net cash outflow from operating activities			
Operating surplus		1,627,250	774,927
Depreciation (including loss on disposal of assets)		153,926	253,564
Decrease in stocks		1,277	1,708
Decrease / (Increase) in debtors		(194,928)	(184,755)
(Decrease) / Increase in creditors		(49,137)	1,005,095
Net cash inflow from operating activities		1,538,388	1,850,539
Net cash inflow from operating activities		1,538,388	1,850,539
Returns on investments and servicing of finance	17	300,619	94,620
Taxation	17	(567,698)	(21,534)
Capital expenditure	17	4,056,302	(2,630,945)
Increase / (Decrease) in cash in the year		5,327,611	(707,320)
Reconciliation of net cash flow to movement in net funds (Note 18)			
Increase / (Decrease) in cash in the year		5,327,611	(707,320)
Net funds at the beginning of the year		7,407,469	8,114,789
Net funds at the end of the year		12,735,080	7,407,469

The accounting policies on pages 39 to 41 and the notes on pages 38 to 48 form part of these financial statements.

The financial statements were approved by the Council on 26th March 2013 and signed on its behalf by



Mr. Paul Fahey
President



Mr. Eoghan Hanly
Vice-President

Notes to the Financial Statements for the year ended 31st December 2012

1. Income

The total income of the PSI for the year has been derived from its principal activity wholly undertaken in Ireland.

	2012 €	2011 €
Registration of Pharmacists	2,084,685	1,966,362
Registration of Retail Pharmacy Businesses (RPB)	4,184,689	4,091,462
Administration charges and other registration income	117,875	102,327
Rental income	603,921	66,690
Book sales	-	16,501
	6,991,170	6,243,342

2. Operating Surplus

Operating surplus is stated after charging:

	2012 €	2011 €
Depreciation of tangible assets	150,127	253,564
Loss on foreign currencies	418	443
Auditors' remuneration	14,928	17,922

3. Employees

Number of employees

The average monthly numbers of employees (excluding the Council/Committees) during the year were:

	2012 Number	2011 Number
Office and management	25	25

Employment costs

	2012 €	2011 €
Wages and salaries	1,583,074	1,589,490
Social security costs	140,285	135,843
Other pension costs	330,741	339,220
	2,054,100	2,064,553

Notes to the Financial Statements for the year ended 31st December 2012

Included in wages and salaries above is Registrar / Acting Registrar remuneration as follows:

	2012 €	2011 €
Registrar (January to April 2012)	57,814	145,953
Acting Registrar (May to December 2012)	89,680	-
	147,494	145,953

4. Council Members' Remuneration

	2012 €	2011 €
Council / Committee members' remuneration	173,892	162,186
Council / Committee members' expenses	50,511	40,906
	224,403	203,092

5. Pension Costs

The Pharmacy Act 2007 requires the PSI to provide a scheme for the granting of superannuation benefits to its staff.

Approval has been obtained from the Minister of Health for the operation of a defined benefit scheme based on the Public Service Model of the Department of Public Expenditure and Reform. However at the financial year end the PSI had not been advised on how best to administer the pension fund as the Department of Public Expenditure and Reform has yet to approve the funding mechanism for the society. The schemes funds are being held on account by the PSI in a designated deposit account until the funding mechanism is approved by the Department of Public Expenditure and Reform. Under these circumstances and in view of the above, it is the view of the PSI that the provisions of Financial Reporting Standard 17, Accounting for Retirement Benefits are currently not appropriate. Accordingly it is accounting for its contributions as if the Scheme was a defined contribution scheme.

The PSI's arrangements under the scheme have a number of specific characteristics as follows:

- The PSI makes an agreed contribution to the Scheme.
- The contributions comprise an employee element together with an employer element. The employer contribution amounts to 25% of gross pay for employees paying PRSI at the A Class rate and 30% of gross pay for employees paying PRSI at the D Class. This is in line with government policy on public sector pensions.

The contributions are payable by the PSI and accrued in the year they become payable. The pension cost charge represents contributions payable by the PSI to the fund and amounts to €330,741 (2011- € 339,220). Collection of contributions commenced on the 1st April 2009 and the scheme is operative from the 22nd May 2007.

The PSI is satisfied that the scheme's assets are in excess of its liabilities following a review of the scheme by an independent actuary.

The PSI has been in consultation with both the Department of Finance and the Department of Public Expenditure and Reform in relation to the Employee Superannuation Scheme and a decision is expected during 2013.

Notes to the Financial Statements for the year ended 31st December 2012

6. Taxation	2012 €	2011 €
Current year taxation		
Corporation Tax @ 12.5% / 25% (2011 : 12.5% / 25%)	-	609,161
Prior years		
Corporation Tax	(16,455)	(2,113)
	<u>(16,455)</u>	<u>607,048</u>

The Pharmaceutical Society of Ireland is exempt from tax on certain income arising which would otherwise be chargeable to tax under Case III, IV and V of Schedule D.

7. Tangible Assets	Computer equipment €	Office equipment & fittings €	Freehold premises €	Portraits medals & badges €	Total €
Cost					
At 1st January 2012	730,916	348,020	3,687,386	10,431	4,776,752
Additions	127,166	39,543	2,307,564	-	2,474,273
Disposal of asset	-	(5,333)	-	-	(5,333)
At 31 December 2012	<u>858,082</u>	<u>382,230</u>	<u>5,994,950</u>	<u>10,431</u>	<u>7,245,693</u>
Depreciation					
At 1st January 2012	509,640	325,008	-	-	834,648
On disposals	-	(1,334)	-	-	(1,334)
Charge for the year	145,895	4,232	-	-	150,127
Impairment loss	-	-	-	-	-
At 31st December 2012	<u>655,535</u>	<u>327,906</u>	<u>-</u>	<u>-</u>	<u>983,441</u>
Net book values					
At 31st December 2012	<u>202,547</u>	<u>54,324</u>	<u>5,994,950</u>	<u>10,431</u>	<u>6,262,252</u>
At 31st December 2011	<u>221,276</u>	<u>23,012</u>	<u>3,687,386</u>	<u>10,431</u>	<u>3,942,105</u>

There were no assets held under finance lease included in the tangible fixed assets.

As the freehold property in Fenian Street, Dublin was purchased at the end of the 2011 accounting year it was decided not to depreciate the property until the refurbishment on the building was completed. As at 31 December 2012, refurbishment was still on-going.

The property on Fenian Street included two sitting tenants. Both leases were for periods of 9 years and 363 days in length and were effective from 11 October 2007. In January 2012 both tenants exercised the break clause contained in Clause 6 of their sub-leases and terminated their leases on the expiry of the 5th year of the term with an effective date 10 October 2012. In exercising the break clause both tenants paid a penalty sum equal to six months rent, insurance, service charges and rates.

Notes to the Financial Statements

for the year ended 31st December 2012

8. Stocks	2012	2011
	€	€
Stock of Books	-	1,277

9. Debtors	2012	2011
	€	€
Trade debtors	23,443	166,513
Other debtors	60,397	6,542,697
Prepayments	403,083	113,160
	486,923	6,822,370

Included in other debtors in 2011 was the balance of the receipt for the sale of the freehold properties during 2011. This balance was received by the PSI in January 2012.

Also included in other debtors above are the following:

	2012	2011
	€	€
VAT repayable	22,617	-

Notes to the Financial Statements for the year ended 31st December 2012

10. Creditors: Amounts Falling Due within One Year

	2012 €	2011 €
Trade creditors	26,394	397,581
Other creditors	15,228	79,878
Other taxes and social security costs	38,463	813,822
Deferred fee income	6,015,575	6,080,594
Accruals	297,131	225,584
	6,392,791	7,597,459

Deferred income relates to fees received in respect of periods after the year end.

Included in other taxes and social security costs are the following:

	2012 €	2011 €
Stamp Duty	-	71,350
Professional Services Withholding tax (PSWT)	38,463	67,988
VAT payable	-	815
Tax and levies payable	-	89,516
Corporation tax payable	-	584,153
	38,463	813,822

11. Creditors: amounts falling due after more than one year

	2012 €	2011 €
Superannuation scheme	1,965,089	1,393,711

Notes to the Financial Statements

for the year ended 31st December 2012

12. Closing Reserves

	Designated reserve €	Income and expenditure account €	Total €
At 1st January 2012	2,000,000	7,182,051	9,182,051
Transfer to designated reserve	500,000	(500,000)	-
Surplus for the year	-	1,944,324	1,944,324
At 31st December 2012	2,500,000	8,626,375	11,126,375

In accordance with the PSI's financial strategy a designated reserve have been established within the reserves as a contingency reserve to cover any significant costs arriving from legal challenges to any part of the Pharmacy Act 2007 and from any of the PSI's rulings. In accordance with the PSI's accounting policy where such funds are no longer required they will be released back to the General Reserve.

13. Capital Commitments

	2012 €	2011 €
Details of capital commitments at the year end are as follows:		
Contracted for but not provided in the financial statements	931,288	-
Not contracted for	-	2,000,000
Closing funds	931,288	2,000,000

In July 2012 the Council agreed to commit funds in the order of €3.5 million on the modernisation of its new headquarters in Fenian Street, Dublin 2. At the 31 December 2012 an amount of €931,288 was committed in relation to the final works on the modernisation of the new headquarters. These funds are available from the proceeds on the sale of freehold property in 2011.

Notes to the Financial Statements for the year ended 31st December 2012

14. Contingent Liabilities

During the year the PSI entered into an agreement with the International Pharmaceutical Federation (FIP) in relation to the event known as “World Congress of Pharmacy and Pharmaceutical Sciences 2013”, to be held in Ireland from 30 August until 5 September 2013. The PSI has guaranteed FIP the participation of 500 participants from Ireland. In the event that these numbers are not met the PSI will guarantee the costs of the shortfall of participants. The Council is confident that they will meet the guaranteed participants and no liability will be due.

15. Events after the Balance Sheet Date

There have been no other circumstances or events subsequent to the year end, which require adjustment to, or disclosure in the financial statements or in the notes thereto.

16. Controlling Parties

The PSI is controlled by the Council subject to the provisions of the Pharmacy Act 2007.

Notes to the Financial Statements

for the year ended 31st December 2012

17. Gross Cash Flows

	2012 €	2011 €
Returns on investments and servicing of finance		
Interest received	300,619	94,620
Taxation		
Corporation tax paid	567,698	25,007
Corporation tax refunded	-	(3,473)
	567,698	21,534
Capital expenditure		
Payments to acquire tangible assets	(2,474,073)	(3,966,835)
Receipts from disposal of tangible assets	6,530,375	1,335,890
	4,056,302	(2,630,945)

18. Analysis of changes in net funds

	Opening balance €	Cash flows €	Closing balance €
Cash at bank and in hand	7,407,469	5,327,611	12,735,080
Debt due after one year	(1,393,711)	(571,378)	(1,965,089)
Net funds	6,013,758	4,756,233	10,769,991

19. Approval of Financial Statements

The financial statements were approved by the Council on 26th March 2013 and signed on its behalf by



Mr. Paul Fahey
President



Mr. Eoghan Hanly
Vice-President

Appendix A

Attendance of Council Members in 2012

Council Member	Date of Appointment	Expiry of Term of Office	No. of Meetings attended*
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Council Members who were in office as at 31st December 2012

Mr. Jim Brophy	17/04/2012	14/06/2015	5/8
Ms. Leonie Clarke	15/06/2011	14/06/2015	10/11
Mr. John Collins	22/05/2009	21/05/2013	10/11
Mr. John David Corr	15/06/2011	14/06/2015	7/11
Mr. Margaret Doherty	22/05/2009	21/05/2013	11/11
Mr. Paul Fahey	22/05/2009	21/05/2013	9/11
Dr. Ann Frankish	22/05/2009	21/05/2013	8/11
Mr. Eoghan Hanly	22/05/2009	21/05/2013	11/11
Dr. Jean Holohan	15/06/2011	14/06/2015	7/11
Mr. Aidan Horan	22/05/2009	21/05/2013	8/11
Ms. Ita Kelleher	22/05/2009	21/05/2013	10/11
Ms. Deirdre Larkin	22/05/2009	21/05/2013	8/11
Prof. Kenneth McDonald	15/06/2011	14/06/2015	1/11
Mr. Fachtna Murphy	26/09/2011	21/05/2013	11/11
Ms. Michelle Ni Longain	22/05/2009	21/05/2013	9/11
Prof. Ciaran O'Boyle	15/06/2011	14/06/2015	6/11
Mr. Fionan O'Cuinneagain	15/06/2011	14/06/2015	9/11
Prof. Catriona O'Driscoll	15/06/2011	14/06/2015	9/11
Mr. Keith O'Hourihane	15/06/2011	14/06/2015	9/11
Ms. Rita Purcell	22/05/2009	21/05/2013	7/11
Mr. Ignatius Noel Stenson	15/06/2011	14/06/2015	10/11

Council members who were in office for a period of 2012

Dr. Michael Barry	Resigned 05/01/2012	N/A	
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*The number of meetings attended varies due to varying dates of appointment.

Appendix B

Attendance of Committee Members in 2012

Pharmacy Practice Development Committee

Committee Member	Expiry of Term of Office	No. of Meetings attended*
Ms. Margaret Doherty (Chair)	28/09/2013	4/4
Ms. Ita Kelleher	28/09/2013	4/4
Dr. Ann Frankish	28/09/2013	2/4
Prof. Ken McDonald	28/09/2013	0/4
Mr. Keith O'Hourihane	28/09/2013	3/4
Mr. Noel Stenson	28/09/2013	4/4
Mr. John Corr	28/09/2013	2/4
Mr. Jim Reilly	06/10/2012	2/3
Dr. Mark Ledwidge	06/10/2012	0/3
Mr. Raymond Anderson	28/09/2013	2/4
Mr. Finbar Lennon	30/01/2014	3/4
Dr. Tamasine Grimes	24/10/2014	1/1
Ms. Mary Culliton	24/10/2014	1/1
Ms. Clare Ward	24/10/2014	1/1

Registration and Qualification Recognition Committee

Committee Member	Expiry of Term of Office	No. of Meetings attended*
Mr. John Collins (Chair)	28/09/2013	7/7
Prof. Caitriona O'Driscoll	28/09/2013	4/7
Ms. Michelle Ní Longáin	28/09/2013	5/7
Dr. Mike Morris	06/10/2012	5/7
Mr. Stephen McMahon	06/10/2012	3/7
Dr. Denis Doherty	28/09/2013	6/7
Dr. John Hillery	28/09/2013	4/7
Ms. Noeleen Harvey	28/09/2013	5/7
Dr. Bernard Leddy	28/09/2013	4/7
Mr. John Lynch	24/10/2014	0/1

Appendix B

Attendance of Committee Members in 2012

Inspection and Enforcement Committee

Committee Member	Expiry of Term of Office	No. of Meetings attended*
Ms. Leonie Clarke (Chair)	24/05/2012	4/4
Dr. Ann Frankish	28/09/2013	2/4
Ms. Deirdre Larkin	28/09/2013	3/4
Mr. Keith O'Hourihane	28/09/2013	3/4
Mr Fachtna Murphy	27/03/2014	2/3
Dr. William Boles	28/09/2011	4/4
Mr. Al Donnelly	29/09/2012	2/2
Mr. Martin Higgins	11/07/2013	3/4
Mr. Tom Collins	28/09/2013	4/4

Professional Development and Learning Committee

Committee Member	Expiry of Term of Office	No. of Meetings attended*
Mr. Noel Stenson (Chair)	28/09/2013	5/5
Ms. Ita Kelleher	28/09/2013	4/5
Ms. Margaret Doherty	28/09/2013	5/5
Prof. Caitriona O'Driscoll	28/09/2013	3/5
Mr. Fionán Ó'Cuinneagáin	28/09/2013	5/5
Prof. Ken McDonald	28/09/2013	0/5
Prof. Ciaran O'Boyle	28/09/2013	2/5
Dr. Jean Holohan	28/09/2013	0/5
Ms. Ruth Gleeson	28/09/2013	3/5
Dr. Tamasine Grimes	06/10/2012	3/4
Mr. Shaun Flanagan	06/10/2012	4/4
Ms. Pamela Logan	06/10/2012	3/4
Mr. Niall O'Shea	06/10/2012	4/4
Ms. Rita O'Brien	01/12/2012	4/5
Ms. Niamh McMahon	24/10/2014	1/1
Mr. Stephen MacMahon	24/10/2014	1/1
Ms. Yvonne Sheehan	24/10/2014	1/1
Mr. Tim Delaney	24/10/2014	1/1
Ms. Aoife MacAuliffe	24/10/2014	0/1
Ms. Pauline Kavanagh	24/10/2014	1/1
Mr. Stephen Nolan	03/12/2014	N/A
Ms. Meghan Kearney	03/12/2014	N/A

Administration and Finance Committee

Committee Member	Expiry of Term of Office	No. of Meetings attended*
Ms. Rita Purcell (Chair)	28/09/2013	3/5
Mr. Aidan Horan	28/09/2013	3/5
Dr. Ann Frankish	28/09/2013	2/5
Ms. Deirdre Larkin	28/09/2013	5/5
Ms. Leonie Clarke	24/05/2012	3/5
Mr. John Corr	28/09/2013	5/5
Mr. Fachtna Murphy	27/03/2014	1/3
Ms. Jean Holohan (resigned from Committee 09/03/2012)	28/09/2013	0/1

Audit Committee

Committee Member	Expiry of Term of Office	No. of Meetings attended*
Mr. Ray Dolan	10/12/2013	4/4
Ms. Michelle Ní Longáin	10/12/2013	3/4
Dr. John Gloster	02/03/2012	N/A
Mr. Noel Conroy	02/03/2015	4/4
Mr. Dermot Magan	28/09/2012	4/4
Ms. Eugenie Canavan	28/09/2012	4/4
Mr. Pat O'Byrne	28/09/2014	4/4

Chairpersons Committee

Committee Member	Expiry of Term of Office	No. of Meetings attended*
Mr. Fionán Ó'Cuinneagáin (Chair)	28/09/2013	5/5
Mr. Paul Fahey	28/09/2013	4/5
Mr. Eoghan Hanly	28/09/2013	4/5
Ms. Rita Purcell	28/09/2013	4/5
Mr. Leonie Clarke	28/09/2013	4/5
Mr. John Collins	28/09/2013	5/5
Mr. Noel Stenson	28/09/2013	5/5
Ms. Margaret Doherty	28/09/2013	3/5

*The number of meetings attended varies due to varying dates of appointment

Appendix C

Fees and Expenses Paid to Council Members in 2012

Council Member	Fees Paid in 2012* €	Expenses Paid in 2012** €
Council Members who were in office as at 31st December 2012		
Mr. John Collins	7290	7169
Mr. John Corr	7695	428
Ms. Leonie Clarke	7429	-
Mr. Margaret Doherty	7290	-
Mr. Paul Fahey	11565	2956
Dr. Ann Frankish	N/A	-
Mr. Eoghan Hanly	7290	6434
Dr. Jean Holohan	7695	323
Mr. Aidan Horan	N/A	528
Ms. Ita Kelleher	7290	-
Ms. Deirdre Larkin	7290	-
Prof. Kenneth McDonald	N/A	-
Mr. Fachtna Murphy	7695	-
Ms. Michelle Ní Longáin	7290	-
Prof. Ciaran O'Boyle	7695	-
Mr. Fionán Ó'Cuinneagáin	7695	-
Prof. Caitriona O'Driscoll	N/A	2145
Mr. Keith O'Hourihane	7695	5918
Ms. Rita Purcell	N/A	-
Mr. Noel Stenson	7695	11388
Mr. Jim Brophy	N/A	-
Council members who were in office for a period of 2012		
Dr. Michael Barry	N/A	-

*Council Members employed in the public sector were not paid fees in 2012

**Aggregate expenses claimed for and paid by 31.12.2012

Appendix D

Overview of Energy Usage in 2012

In 2012, the PSI consumed 137.15 MWh of energy, consisting of:

- 85.19 MWh of electricity;
- 51.96 MWh of fossil fuels;
- 0 MWh of renewable fuels.

Actions Undertaken in 2011

In January 2012 the PSI closed the sale of its premises at 18 Shrewsbury Road, Dublin 4. Pending the move to its new headquarters in Fenian Street, Dublin 2, premises were leased where the landlords were responsible for energy management.

The design for the refurbishment of the new headquarters proceeded and included a very cost effective and efficient energy management system. This includes using both natural and mechanical ventilation, the use of motion detection lighting systems and an intelligent building management system which will monitor the energy usage and adjust according to the environmental conditions. The PSI will display its energy usage on a screen in the reception area.

Actions Planned for 2013

The PSI will move to the new energy efficient headquarters in the first quarter of 2013.