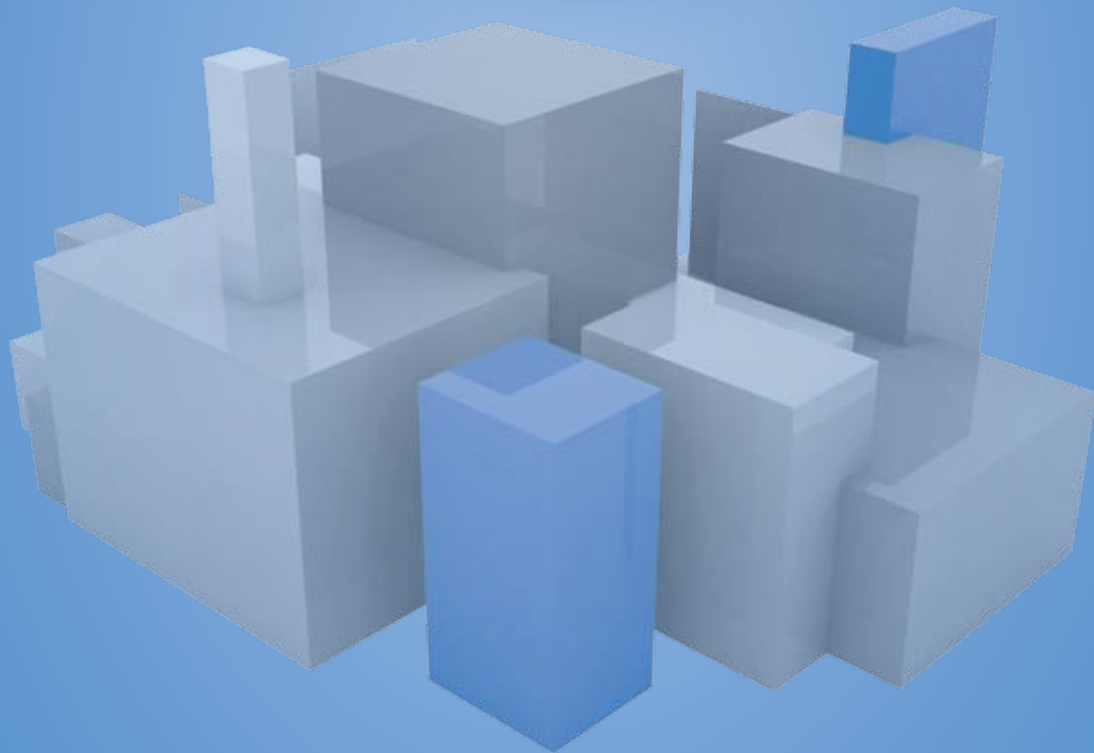




FINANCIAL
FACTS
...
2014



NATIONAL INSTITUTE FOR HEALTH AND WELFARE, THL



NATIONAL INSTITUTE
FOR HEALTH AND WELFARE
FINLAND

FINANCIAL FACTS 2014

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FOREWORD



BRIEFLY ABOUT THL

The National Institute for Health and Welfare (THL) is a research and expert institute. We influence work that promotes the health and welfare of people in Finland by providing extensive and high-level expert knowledge for use in the field and in decision-making in the health and welfare sectors.

THL's operations are financed by the State Budget and by revenues from co-financed operations (incl. co-operation) and chargeable services.

In 2014 THL received from the State Budget EUR 74.6 million for its own costs and EUR 50.2 million for the specific purposes, which is 82 % of THL's total funding (EUR 152,4 million). Revenues from THL's co-financed operations totalled EUR 21.2 million in 2014 (EUR 23.4m in 2013). In 2014, the top 4 co-financiers were the Ministry of Social Affairs, the Academy of Finland, the European Union and Social Insurance Institution. First three were the top financiers even in 2013. Revenue from chargeable services declined to EUR 6.4 million (EUR 6.7m in 2013).

In addition to THL, two state mental hospitals and six state reform schools belong to THL Group. In 2014 the financing of the THL also consisted of revenues

from services of forensic psychiatry (EUR 57.4 million) and daily bed charge (EUR 21.6 million) collected from afore-mentioned entities.

Major cuts will affect THL's budget funding in the coming years. By the year 2017, the funding THL receives from the State Budget will be reduced almost 30 % from the level in 2014. These cuts are the result of the Government's decision to reduce research funding in the administrative branch of the Ministry of Social Affairs and Health as well as to transfer research funding as part of a research institute reform to the Government and the Academy of Finland. The weak situation of Finnish economy also causes cuts for the funding of public organisations. As for THL's external funding, it is estimated that the volume of co-financed research activities will decrease to some extent because of increasing competition for funding. It has been estimated that revenue from chargeable funding will increase.

Shelters for victims of domestic violence are new activity in 2015 and the Prison health care and Helsinki University functions of forensic medicine will be new activities in 2016. They all have major effects on THL's funding.

Antti Niemi, Financial Manager

STATEMENT ON RETURNS AND EXPENSES

The statement on returns and expenses was mainly drawn up according to the principles of commercial accounting. The deficit items in the statement as well as the deficit for the financial year do not, however, indicate that THL's operations are unprofitable. This is a consequence of a considerable portion of the total financing derives from the State Budget, and this sort of financing is not included in the statement on returns and expenses, pursuant to a decree issued by the Ministry of Finance.



Statement on returns and expenses 2013-2014, THL Group

	1.1.2014 - 31.12.2014 €1000		1.1.2013 - 31.12.2013 €1000	
OPERATING INCOME				
Income from chargeable services	81 962		82 148	
Rents and compensations	561		743	
Other income	23 040	105 564	25 684	108 575
OPERATING EXPENSES				
Materials, equipment and goods				
Purchases during the financial year	30 100		27 159	
Increase (-) or decrease (+) in stocks	-455		-16	
Staff expenses	121 677		124 776	
Rents	16 345		16 805	
Purchased services	37 927		35 853	
Other expenses	4 630		5 097	
Increase (-) or decrease (+) in stocks of finished goods	-10			
Depreciation	1 067		872	
Internal expenses	121	-211 402	597	-211 143
DEFICIT I		-105 838		-102 568
FINANCIAL INCOME AND EXPENSES				
Financial income	3		2	
Financial expenses	-4	-1	-4	-2
INCIDENTAL INCOME AND EXPENSES				
Incidental income	6		1	
Incidental expenses	-9	-3	-1	
DEFICIT II		-105 842		-102 570
INCOME AND EXPENSES FROM PAYMENT TRANSFERS				
Income				
From municipalities and federations of municipalities	1 143		1 198	
EU payment transfers			277	
Others	11	1 154	10	1 485
Expenses				
To municipalities	2 506		2 305	
To joint municipal boards	2 004		1 945	
To social security funds				
To business and industry	27		109	
To non-profit organisations	5 596		6 309	
To households	461		489	
Other expenses from payment transfers to abroad				
Other expenses from payment transfers		-10 593	12	-11 169
DEFICIT III		-115 280		-112 253
INCOME FROM TAXES AND OBLIGATORY PAYMENTS				
Other obligatory payments				
VAT collected	1 270		1 288	
VAT paid	-11 425	-10 155	-11 302	-10 014
SURPLUS/DEFICIT FOR THE FINANCIAL YEAR		-125 436		-122 267

BALANCE SHEET

The balance sheet was mainly prepared following the principles of commercial accounting. The content and treatment of equity data for government institutions like THL differ, however, from those for private enterprises. The equity items are imputed, and they do not reflect the level of invested capital or accumulated profit funds in the traditional sense. Generally, government institutions cannot go bankrupt as the Republic of Finland is fully responsible for their debts and liabilities.

Balance sheet 2013-2014, THL Group

	31.12.2014 €1000		31.12.2013 €1000	
ASSETS				
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS				
INTANGIBLE ASSETS				
Intangible rights	42		186	
Other non-current expenditure	6	48	9	195
TANGIBLE ASSETS				
Constructions	83		5	
Machinery and equipment	2 545		2 958	
Furniture and fixtures	218		370	
Other tangible assets	59	2 905	59	3 392
SECURITIES HELD IN FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS				
Securities held in fixed assets	30	30	30	30
FIXED ASSETS AND OTHER NON-CURRENT INVESTMENTS		2 983		3 617
CURRENT ASSETS AND LIQUID ASSETS				
CURRENT ASSETS				
Materials and supplies	67		62	
Finished products/goods	49 528	49 594	49 067	49 129
LONG-TERM RECEIVABLES				
Long-term receivables				
SHORT-TERM RECEIVABLES				
Accounts receivable	11 733		13 349	
Prepaid expenses and accrued income	19		216	
Other current receivables	2 042		2 101	
Advance payments	1 947	15 741	314	15 981
CASH, BANK DEPOSITS AND OTHER ASSETS				
Cash accounts	15		17	
Other bank accounts	1		0	
Other cash and bank deposits	3		3	
Internal transaction accounts		19		20
CURRENT ASSETS AND LIQUID ASSETS, TOTAL		65 355		65 131
TOTAL ASSETS		68 338		68 748

	31.12.2014 €1000		31.12.2013 €1000 5 600	
LIABILITIES				
EQUITY				
State capital 1.1.1998	5 600		5 600	
Change in capital on previous financial years	20 293		22 744	
Transfers of capital	123 930		119 816	
Surplus/deficit for the financial year	-125 436	24 387	-122 267	25 893
CAPITAL IN FUNDS				
Other state funds and donations	3	3	3	3
EQUITY, TOTAL		24 390		25 896
LIABILITIES				
LONG-TERM				
Other long-term liabilities				
CURRENT				
Advance payments received	12 012		12 287	
Accounts payable	7 341		5 679	
Settlements between accounting offices	2 418		2 691	
Items to be forwarded for payment	2 595		2 363	
Accruals and deferred income	19 308		19 496	
Other current liabilities	274	43 948	336	42 852
LIABILITIES, TOTAL	43 948		42 852	
TOTAL LIABILITIES		68 338		68 748



INCOME OF THL

The income of THL amounted to EUR 105 563 (€1000) in 2014, and consisted of the income of THL as well as the income of state mental hospitals, and state reform schools.

Income 2012-2014, THL Group

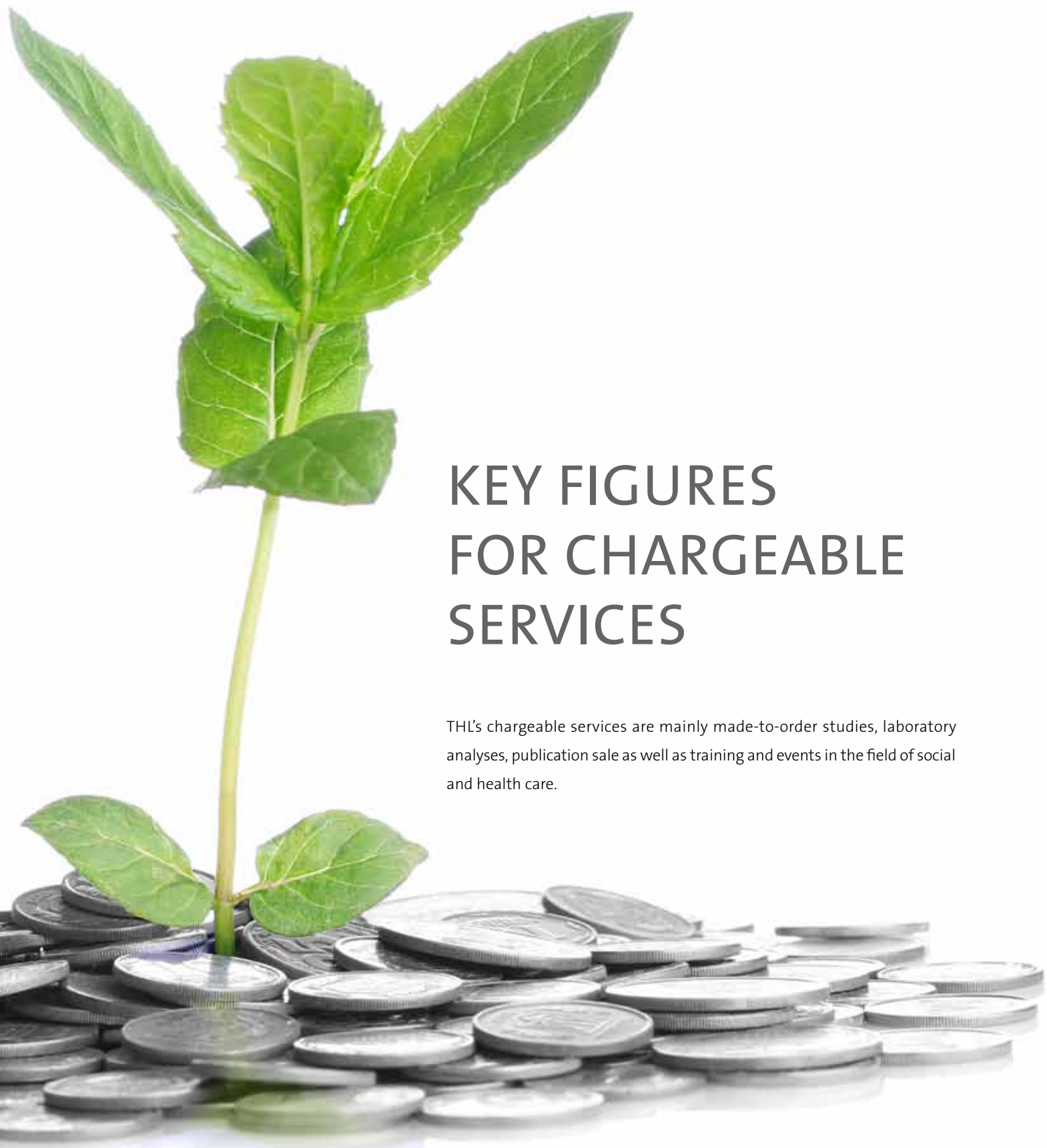
Income by institution	2014 €1000	Share of total income %	2013 €1000	Share of total income %	2012 €1000	Share of total income %
THL, excluding state mental hospitals and state reform schools	27 665	26%	30 197	28%	35 751	32%
State mental hospitals	57 434	54%	56 913	52%	56 034	50%
State reform schools	20 464	20%	21 465	20%	20 955	19%
INCOME, TOTAL	105 563	100%	108 575	100%	112 740	100%

SUMMARY OF COST-EFFECTIVENESS

THL's income and expenses are, in accordance with the matching principle, allocated to cost centres and sub-projects by type of expense. Total expenses include the expenses for auxiliary activities saddled on THL's divisions, i.e., the imputed share of THL's joint expenses. Some of the expenses for auxiliary activities have been allocated to chargeable services, while some are reported under co-financing and co-operation.

Summary of cost-effectiveness 2014, THL Group

	Chargeable services €1000	Co-financed operations €1000	Co-operation (state's internal) €1000	Operations, total €1000
INCOME				
Income from chargeable services/co-financed operations / co-operation	81 594	25 878	3 399	110 871
Other income	3 803	4 452	0	8 255
INCOME, TOTAL	85 397	30 330	3 399	119 126
TOTAL EXPENSES				
Prime expenses				
Materials, equipment and goods	5 751	742	23	6 516
Staff	62 338	14 226	1 660	78 224
Rents	7 103	217	16	7 336
Purchased services	6 600	8 964	1 376	16 940
Other prime expenses	1 678	5 894	166	7 738
Prime expenses, total	83 470	30 043	3 241	116 754
A share of joint expenses, total				
Expenses for auxiliary activities	2 300	3 692	711	6 703
Depreciation	359	46	9	414
Interest	8	32	6	47
Other joint expenses	0	1 320	254	1 575
A SHARE OF JOINT EXPENSES, TOTAL	2 667	5 091	980	8 738
TOTAL EXPENSES	86 137	35 134	4 221	125 492
COST-EFFECTIVENESS (income-expenses)	-740	-4 804	-822	
COST-EFFECTIVENESS % (income-expenses)	99%	86%	81%	
Person years	1 160	161	31	1 381



KEY FIGURES FOR CHARGEABLE SERVICES

THL's chargeable services are mainly made-to-order studies, laboratory analyses, publication sale as well as training and events in the field of social and health care.

Key figures for chargeable services 2012–2014, THL

KEY FIGURES	2014 €1000	2013 €1000	2012 €1000
Income	6 399	6 700	6 232
Prime expenses	4 600	4 774	5 295
Operating surplus	1 799	1 926	937
A share of joint expenses, total	1 771	1 290	1 240
Total expenses	6 371	6 064	6 535
COST-EFFECTIVENESS (income-expenses)	28	636	-303
Deficit/surplus as a % of total income	0%	10%	-5%
Cost-effectiveness %	100%	110%	95%
Person years, chargeable services	39	36	31



A WIDE RANGE OF CO-FINANCED OPERATIONS

In 2013–2014, the top 20 co-financiers accounted for about 90% of the income from co-financed operations (in this connection incl. co-operation).

The most important co-financiers are the Ministry of Social Affairs, the Academy of Finland, and the European Union. These three financed THL with a total of EUR 27 million in 2014, accounting for 88.6% of all income from co-financed operations.


The difference between chargeable services and co-financed (incl. co-operation) operations is that in co-financing, the financier receives no direct compensation (output) for its input. Consequently, operation results, such as research results, are, as a rule, public.


Co-financed operations are a major part of THL's work, and they contribute to both THL's strategic goals and tasks assigned to THL by the Ministry of Social Affairs and Health.


THL's co-financiers, top 20

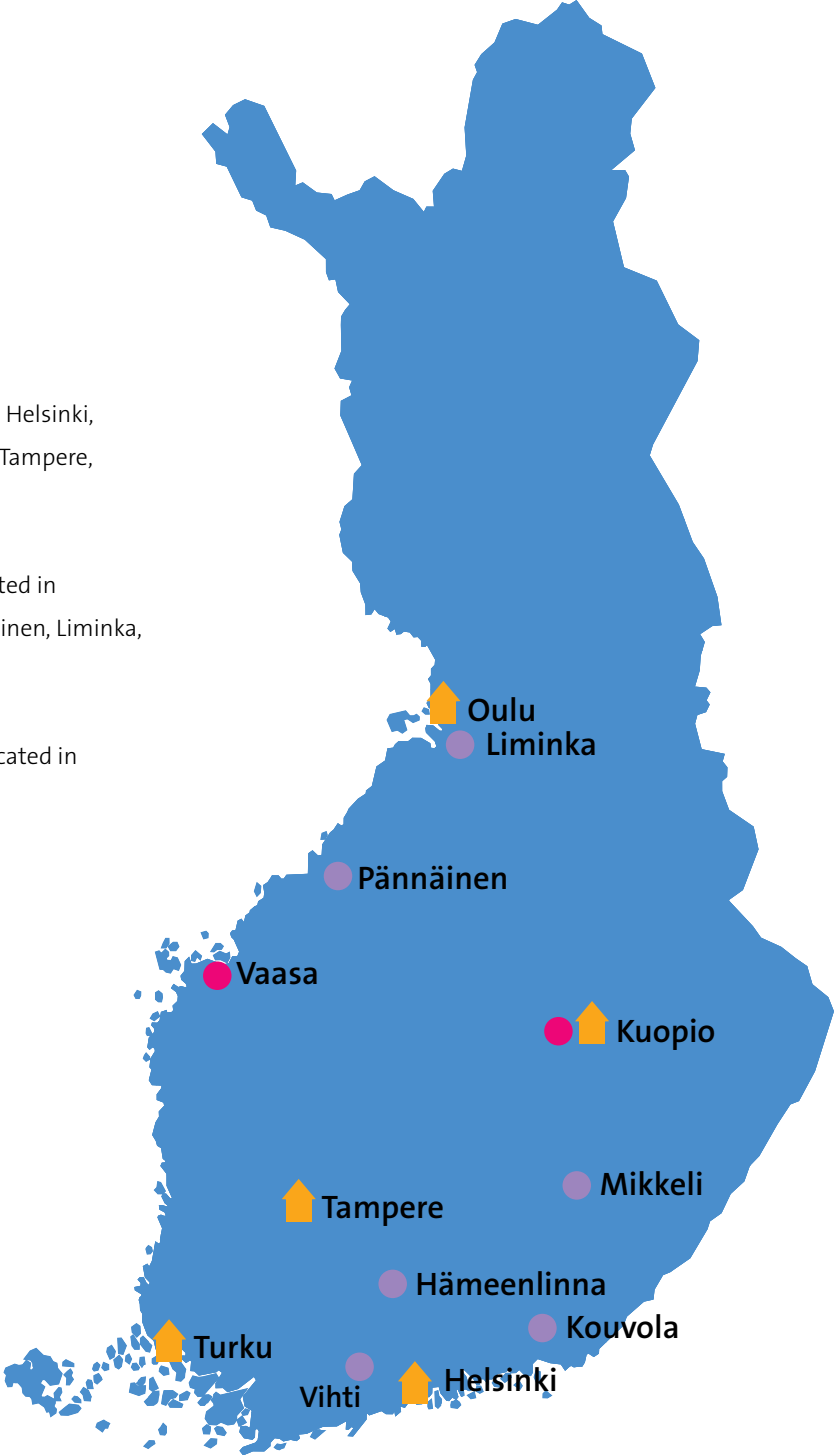
Co-financier	2014		2013	
	Ranking	€1000	Ranking	€1000
Ministry of Social Affairs and Health	1.	19 917	1.	16 023
The Academy of Finland	2.	3 490	2.	3 968
European Union (EU)	3.	3 463	3.	3 855
Social Insurance Institution of Finland	4.	718	5.	777
National Institutes of Health (NIHs)	5.	704	7.	725
Municipalities, towns, etc.	6.	608	6.	731
GlaxoSmithKline	7.	546	8.	700
Tekes – Finnish Funding Agency for Technology and Innovation	8.	530	4.	782
Ministry of Education and Culture	9.	251	9.	574
Juho Vainio foundation	10.	179	16.	142
Finnish Work Environment Fund	11.	142	15.	152
Graduate schools (Tampere, Helsinki etc.)	12.	142	10.	381
Finnish Slot Machine Association	13.	136		
University of South Florida	14.	135	12.	203
Finnish Defence Forces	15.	135	17.	120
Fire Protection Fund	16.	125	20	109
Children's foundation of independence jubilee year (ITLA)	17.	115		
Ministry of Foreign Affairs	18.	96		
National Agency for Medicines	19.	87		
ELY Centre of Uusimaa	20.	85		
TOTAL		31 604		
As a % of all co-financed operations		93		

THL GROUP IN FINLAND

 THL's main office is located in Helsinki, THL has offices also in Turku, Tampere, Kuopio and Oulu.

 State reform schools are located in Hämeenlinna, Mikkeli, Pännäinen, Liminka, Kouvola and Vihti

 State mental hospitals are located in Kuopio and Vaasa



National Institute for Health and Welfare, THL

Postal address: P.O. Box 30, FI-00271 Helsinki, Finland

Street address: Mannerheimintie 166, Helsinki

Telephone (switchboard): +358 29 524 6000

E-mail addresses: firstname.lastname@thl.fi

Further information: info@thl.fi

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