

**THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)**

REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014



Registered Company Number: 6039284
Registered Charity Number: 1123381

THE HOSPITAL SATURDAY FUND
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

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THE HOSPITAL SATURDAY FUND
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REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2014

OFFICERS AND ADVISERS

<i>Chairman</i>	Mr J Greenwood
<i>Vice Chairman</i>	Mr D Thomas
<i>Other Trustees</i>	Mr C J Bottomley MCIPD (deceased 11 March 2014) Mr M J Boyle FCA (until 8 October 2014) Mrs J L Dalton LLB Mr M Davies (from 8 October 2014) Professor P W Palmer BA(Hons) PhD FCIS FIIA DChA FRSH Mr J Randel Mrs M Rogers (from 8 October 2014)
<i>Chief Executive</i>	Mr P W Jackson MSc BA (Hons) DChA
<i>Company Secretary</i>	Miss Z Richards BA(Hons) ACMI Assoc CIPD
<i>Patron</i>	Ms L Garrett CBE FRAM
<i>Principal Bankers</i>	HSBC
<i>Solicitors</i>	Iliffes Booth Bennett
<i>Auditors</i>	haysmacintyre, Chartered Accountants
<i>Investment Managers</i>	UBS AG
<i>Registered Office</i>	24 Upper Ground LONDON SE1 9PD Telephone: 020 7202 1365 Fax: 020 7928 0446 Email: charity@hsf.eu.com

**THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)**

REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2014

The Board of Trustees is pleased to present the 8th Annual Report comprised of the Report of the Board of Trustees and Strategic Report and the audited financial statements for the year ended 31 December 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Association

The Association performs an important role in the overall governance of the Charitable Company. The Members of the Association are responsible for electing the Board and Honorary Officers of the Charitable Company.

The Association comprises up to 100 Members (excluding Honorary Officers) whose services will, in the opinion of the Board, be advantageous to The Hospital Saturday Fund. Appointment is for a period of three years, but renewable. From time to time the Board recommends to the Association that some Members should be elected for their lifetime, in recognition of particular service. The President, Vice Presidents and Life Members of the Association are listed below.

President The Right Honourable The Lord Mayor of London

Vice-Presidents The Right Honourable The Earl of Meath
The Right Honourable The Lord Mayor of Dublin
The Right Honourable The Lord Provost of Glasgow
The Right Honourable The Lord Mayor of Belfast
Mr K R Bradley MCMI

Life Members of the Association

Mr D C Barnes	Mrs P E Lee
Mr P Battams	Miss I Racher
Mr T A Botly	Mr A M Rees LLB BA FCIPD
Mr M J Boyle FCA (from 8 October 2014)	
Mr B W Clarke	Mr D L Sawers ACII
Miss D O Denton JP	Mr E W Smith
Mr R Dool	Mr W N Smith ACIS FIPPM
Mr L I Fellman	Mr A F Tierney
Mr P P Groat	Mrs L M C Warner RGN SCM ONHC
Mr K L Joy MCMI	Mr D T Young
Mr K Lawrey JP LLB MA MSc (Econ) Barrister (Gray's Inn)	

The Association held two General Meetings during the year, the first being the Annual General Meeting which was held on 15 May 2014 at Guildhall, London. The President and Vice Presidents (listed above) were elected. Recognising that some civic offices change hands at times of the year not close to the Fund's AGM, authority was given to the Board to invite the successors of those elected to serve in the appropriate Honorary Officer capacity.

The guest speaker was the well-known actor, Celia Imrie, who attended in her capacity as supporter of PHAB Limited.

**THE HOSPITAL SATURDAY FUND
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REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2014

At an Extraordinary General Meeting held on 8 October, 2014, Mr John Greenwood was re-elected as Chairman of the Association and Board, also at this meeting Mr Mark Davies and Mr David Thomas were elected for a three year term as Trustees. Mrs Margaret Rogers was elected for a two year term as a Trustee and Mr Michael Boyle retired as a Trustee.

Board of Trustees

The Board comprises the Chairman and six other Trustees. The Trustees are also Directors of the Charity for the purposes of the Companies Act. The Chief Executive and the Company Secretary attend Board Meetings.

At each Board Meeting, Trustees receive reports from the Board of HSF health plan Limited and annually they appoint two Members of the Association, who are not Trustees, to attend the Annual General Meeting of HSF health plan Limited with full voting rights.

The Trustees are covered by qualifying third party indemnity insurance, paid by HSF health plan Limited, which was in place throughout the year and remains in force at the date of this report.

Sadly, Mr Chris Bottomley passed away in March 2014. The Trustees would like to express their admiration and gratitude for the dedication shown by Chris as a Trustee of the Hospital Saturday Fund over the last four years, a valued member of the Grant Making Committee for the past five years and a Member of the Association of the Hospital Saturday Fund since 2005.

Appointment and Training of the Trustees

Trustees are appointed to the Charity Board through a nomination and election process by the Members of the Association. They are appointed for a term of office of three years. The Association Members, by virtue of the Articles of Association, decide who serves as Non-Executive Directors of HSF health plan Limited and who should serve the Grant Making Committee.

Trustee training is provided by the Charitable Company as required. Trustees are encouraged to attend appropriate external training courses / seminars to enhance their expertise and are required to undertake the British Health Care Association / Chartered Insurance Institute health cash plan training module which concludes with an examination. Those who serve the trading company are also encouraged to attend external training appropriate for Non-Executive Directors managing an insurance company regulated by the Prudential Regulation Authority.

Grant Making Committee, Policies and Procedures

The Committee usually meets every quarter and reports directly to the Board. In addition to the two Trustees elected as Chairman, Professor Paul Palmer and Vice Chairman, Mr Christopher Bottomley (deceased 11 March 2014), the Committee includes appointed members Mrs Pamela Boyle, Mrs Natalie Comber, Mr Graham Hooton, Mr Paul Jackson, Mr Keith Lawrey, Miss Zenaid Richards, Mr Glyn Tomlinson (from 26 January 2015), and Miss Jill Walton. Mrs Margaret Rogers was elected by the Trustees as the Grant Making Committee Vice Chairman on 17 November 2014.

Grants are awarded to national and local medical charities, hospitals and hospices throughout the UK and Ireland. Grant making guidelines for both individuals and organisations (medical charities, hospices and hospitals) are drawn up and approved by the Board. For individuals this means that applications are only accepted through a third party who has some involvement in the care of the applicant, eg doctor, social worker or another charity, and the demonstrated need is required to have a strong medical connection. Hospitals are required to state a particular capital project or charity within their hospital to receive their grant. Detailed guidelines for our grant making policy are available on our website www.hospitalsaturdayfund.org.

The Grant Making Committee members and Trustees of The Hospital Saturday Fund take the opportunity to visit charities or attend their receptions in order to gain a greater overall knowledge.

THE HOSPITAL SATURDAY FUND
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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2014

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report, Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ON BEHALF OF THE BOARD ON 23 MARCH 2015

JOHN GREENWOOD
Chairman

DAVID THOMAS
Vice Chairman

**THE HOSPITAL SATURDAY FUND
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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The Trustees present the strategic report for the year ended 31 December 2014.

Summary

The Hospital Saturday Fund has been helping people in times of illness or medical need since 1873. In those days there was no NHS and very little government aid for those who needed it most. This led the Victorian social reformer, the Twelfth Earl of Meath, and others to establish The Hospital Saturday Fund to give working people an opportunity to contribute to the costs of running their local hospitals, so named because Saturday was the traditional pay-day when people were more likely have a few pennies to spare. Over the years leading to the formation of the NHS in 1948, HSF gradually became a health cash plan but maintained its charitable support for hospitals and medical charities.

The Hospital Saturday Fund is now a grant-making charity which donates to hospitals, hospices and medically associated charities for care and research, and to some individuals with health problems throughout the UK and Ireland.

Principal Risks and Risk Assessment

The Board of The Hospital Saturday Fund regularly assesses the risks to which the charity is exposed, agrees how best those risks may be mitigated and takes the appropriate action to manage them.

The Board of the Charitable Company's Trading Subsidiary carefully monitors the Company's risk exposure, specifically claim rates, investment risk and operational and management risk. This Board maintains and regularly reviews the Company's risk register. The main risk to the charity is the failure of its Trading Subsidiary. HSF health plan Limited is regulated by the Prudential Regulation Authority and has to satisfy their solvency requirements and produce an Individual Capital Assessment each year.

Services Agreement

A Services Agreement between the Charitable Company and HSF health plan Limited has been entered into so that staff and resources will be provided to the Charitable Company by the Trading Company.

OBJECTIVES AND ACTIVITIES

Charitable Objects

The Charitable Company's principal objects as set out in its Memorandum of Association are:

“the relief of sickness and suffering and giving of help to those who are aged, infirm unemployed or in need and who require Medical Relief as hereinafter defined or who are pregnant and for the promotion of medical research for the benefit of the public in the United Kingdom of Great Britain and Northern Ireland, Eire, the Channel Islands and the Isle of Man.”

Impact

The Trustees of the Charitable Company are aware of their duties under the Charities Act in regard to public benefit. Each Trustee is aware of the general public benefit guidance from the Charity Commission. They aim to discharge that trust by making grants to a great number of medical charities which benefit a wide section of the general public in both the United Kingdom and Ireland. The Board has set in place monitoring and evaluation procedures to review the impact of the work to ensure the aims of the Charitable Company are being met.

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR

The Grant Making Committee continued to operate with the knowledge that however ‘deserving’ some charities and individuals appeared in their applications, there was not enough money to respond to each one and careful, fair and responsible decisions had to be made. This care was demonstrated in the time taken to examine applications on behalf of individuals and the submissions from charities and by responding as fairly as possible.

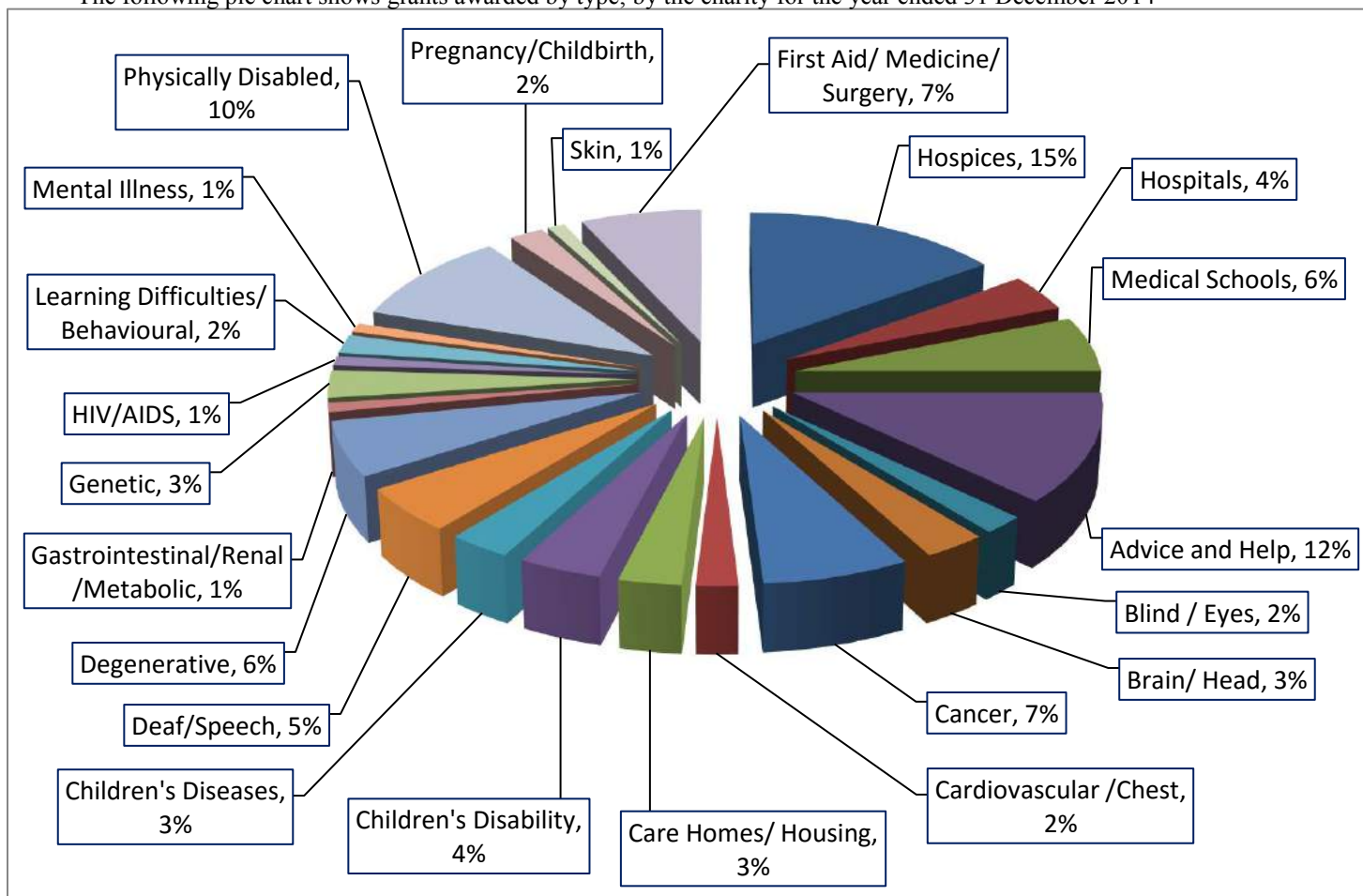
Grants made in the year

During 2014, HSF processed 84 applications on behalf of individuals and, after careful assessment by the Grant Making Committee, 61 were awarded a grant making a total of £47,354 (2013: £33,340) for the year. A further total of £693,399 (2013: £611,532) was awarded to 274 medical charities, hospices and hospitals including the special medical school grant. The following pages show a chart and table analysing the grants made in the year by type and by geographical spread. Following these charts are examples of the feedback received from recipients which emphasise the public benefit achieved by the grants.

Annual Reception

The Board endeavours to hold a Reception each year in order to present grants in person to representatives of medical charities, hospices and hospitals. The Trustees held a Reception on 20 February 2014 at the Mansion House in Dublin hosted by Mr Oisín Quinn, the Lord Mayor of Dublin, Vice-President of The Hospital Saturday Fund. A total of €100,000 was donated that evening to 30 different organisations. Ms Lesley Garrett, Patron of The Hospital Saturday Fund attended the Reception and joined The Lord Mayor to present the grants.

The following pie chart shows grants awarded by type; by the charity for the year ended 31 December 2014



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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

The vast majority of grants awarded were for £2,000 (or €2,400), with two lesser donations being made. Sixty three higher grants ranging between £2,000 and £10,000 were awarded to charities where a specific need was deemed by the Committee to warrant a larger award.

The Committee endeavours to ensure that not only is there a wide geographical spread within the grant making but, within the charities supported, there are many different types of illness, disability, care, research and age groups are represented.

Grants are made to both local and national institutions. Total value of the grants awarded to each separate region is as follows, with the number of grants awarded shown in brackets:

	Total Value of Grants Awarded	Grants to Other Medical Charities	Grants To Hospitals	Grants To Hospices	Medical School sponsorship of electives
	£	£	£	£	£
UK National	240,828 (79)	235,828 (77)	5,000 (2)	0	0
England - London & South East	120,287 (50)	72,031 (29)	6,500 (4)	41,756 (17)	0
England - Midlands & North	91,620 (47)	26,180 (15)	20,500 (11)	44,940 (21)	0
Wales & South West England	50,320 (24)	21,320 (13)	2,000 (1)	17,000 (9)	10,000 (1)
Scotland	44,977 (15)	32,977 (13)	0	2,000 (1)	10,000 (1)
Northern Ireland & Isle of Man	5,200 (3)	5,200 (3)	0	0	0
Ireland	€171,996 (56)	€152,796 (52)	€4,800 (2)	€2,400 (1)	€12,000 (1)

Organisations receiving grants ranged from The Mental Health Foundation, Whizz-Kidz, Child Bereavement UK, Deaf Plus, Arthritis Research, British Liver Trust, Sepsis Trust, Swift Medics and British Polio. Grants to hospitals were for specific projects, equipment or designated charitable funds.

Evaluation process

In meeting the Charities Act requirement to demonstrate public benefit through the grant making process, Trustees consider not only the recipient charities and their applications but also the impact the grant has had on past awards. As such, the Trustees ensure that feedback from recipients is obtained where possible and reviewed for evidence of the grant being used for its correct purpose.

Condensed versions of updates received from grantees are available on our website www.hospitalsaturdayfund.org/news-a-recent-grants.html. Amongst others, updates on the website relating to work supported by the Hospital Saturday Fund in 2014 refer to:

- A grant to Dundee University towards its medical elective programme
- A project to teach people to read again after they have lost their central vision (Visibility)
- A grant towards research into improved wound healing and tissue regeneration (Blond McIndoe Research Foundation)
- A grant towards a Careflex SMART chair for use by inpatients and the Day Therapy Unit (Willowbrook Hospice)
- A grant towards the purchase of equipment to measure the lung capacity of children with Obliterative Bronchiolitis (Breath-takers OB Trust)

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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

- Towards the creation of sensory bedrooms for children with cerebral palsy (Make a Wish Ireland)
- To provide information and support services for younger people with bowel cancer (Bowel Cancer UK)
- Funding support towards the Ataxia Clinic held at Tallaght Hospital (Ataxia Ireland)
- Towards delivering training courses to spinal cord injured people (Spinal Injuries Association)

In addition, the Hospital Saturday Fund receives many letters of appreciation from grantees. The following are quotations taken from letters sent to the Charity following grants being awarded to each:

Grant to BASIC, Brain and Spinal Injury Centre

On behalf of all the clients you have helped, thank you so much for your support. Without help from people like you we simply would not be able to help so many that need us.

Grant to Meningitis Research Foundation

Your support and commitment is a real encouragement to us. We could not continue our vital work without generous help of this nature. Thank you.

Grant to Lost Chord

Your contribution hopefully will have an astounding impact on the lives of those struggling with dementia not least because of the wider transfer of knowledge in the use of therapeutic music throughout the care industry.

Grant to Royal Star & Garter Homes

Your support is incredibly important to the charity. With such support we will be able to ensure our residents continue to receive the outstanding specialist nursing and dementia care they deserve.



Photo: Ewan Hastings, Fundraising Manager at the Eric Liddell Centre, Edinburgh, being presented with his grant cheque at the Charity Reception in Glasgow, February 2015. Left to right: Paul Jackson, HSF Chief Executive, Ewan Hastings, Lesley Garrett, HSF Patron and Bailie James Scanlon representing the Lord Provost of Glasgow

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STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Individuals have also expressed their gratitude and there are extracts from letters below:

Grant for a mobility scooter:

Thank you for helping us to reach our target figure and be able to place the order for powered mobility equipment for Peter. We are so thrilled that you have been able to help and feel sure that Peter and his wife would wish to pass their thanks to the Trustees of the Hospital Saturday Fund.

The Mobility Trust

Grant for Functional Electrical Stimulation equipment:

I was delighted to receive your letter yesterday containing a cheque enabling us to purchase FES equipment for Helen. I phoned Helen yesterday and told her the good news and she is delighted. We are all delighted with the generosity of the Hospital Saturday Fund.

Berkshire MS Therapy Centre

Grant for a powered wheelchair:

We are delighted to receive this generous donation. Thank you for your support which is very much appreciated. Lorna's wheelchair has been ordered and once Lorna receives her new wheelchair she will be able to be so much more independent and be able to do so much more on a daily basis.

Brittle Bone Society

FINANCIAL REVIEW

State of affairs

The Group Statement of Financial Activities for the year is set out on page 12 and shows net incoming resources for the year of £234,134 (2013: incoming resources of £9,043). Net movement in funds for the year amounted to £1,672,192, after investment gains of £738,058 and a gain on revaluation of the freehold property of £700,000, resulted in a net asset position as at 31 December 2014 of £26,061,514 (2013: £24,389,322). The Trustees are satisfied with the net asset position at the year end and are confident that sufficient funds will be available to meet the future needs of the Charitable Company.

For the charity alone, total income for the year amounted to £1,125,607 (2013: £2,953,798) including gift aid from the subsidiary companies of £1,004,417 (2013: £2,848,699). Grants totalling £740,753 (2013: £547,532) were made out of expendable endowment funds. After charging the grants and crediting the gift aid payment and realised and unrealised investment gains the endowment fund increased by £423,462 to £8,382,475.

The trading company's total profit for the year was £568,146 (2013: loss of £460,342). Total premiums (less Insurance Premium Tax) for the year were £25,235,320. Benefits payable (including Personal Accident premiums and helplines) for the year were £19,589,407 and represented 77.63% of premium income.

The trading company's Directors consider the overall state of affairs to be satisfactory.

Reserves Policy

The Trustees' have established a policy for retaining reserves both in light of the risks the charitable group faces and the Trustees' strategic priorities for their grant making activities. In essence the principal purpose of the reserves are to provide a capital base from which income would be earned to finance the grant making activities. The Trustees have the powers to approve expenditure from the expendable endowment capital in certain circumstances; however these are likely to be limited to grant making activity where unrestricted reserves are known to be insufficient to meet the cost of particular grants specifically approved by the Trustees.

In light of this policy residual free reserves will be held at a minimum level sufficient to cover the operational working capital needs of the charity. For clarity trading reserves have been separated from free charitable funds.

**THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)**

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

FINANCIAL REVIEW (continued)

At the end of the year free reserves totalled £39,240. Although this is a small decrease in the level compared with last year, the continued tough economic climate and its impact on the investment portfolio has meant that grant making activities were all financed from the endowment fund. The Trustees, having reviewed their strategy, are satisfied that the policy is appropriate and are satisfied with the level of free reserves.

Investments & Investment Policy

Under the Memorandum and Articles of Association, the Trustees of the Charitable Company have the power to make any investments which the Trustees see fit. In September 2007 the Board appointed UBS AG as Investment Managers.

The Trading Company's Investment Policy is linked to the Prudential Regulation Authority solvency requirements. Its Investment Policy reflects a low to medium risk profile, which is similar to that of the overall Charitable Group.

The Charitable Company's portfolio produced a net gain of £214,824 on the investments held, representing a net gain of 5.9%. This compares to the benchmark set by the Directors which would have returned a net gain of 5.5%. The Charitable Company follows a composite benchmark of a weighted index of the markets represented within the adopted asset allocation, i.e. the index relating to the specific asset class is multiplied by the percentage, which that particular asset class represents of the whole portfolio, and then these are added together to create the composite benchmark.

The Charitable Company's ethical investment policy is that no investment may be made in any company that derives any of its income from tobacco manufacturing or earns more than 10% from tobacco related products.

Remuneration policy

The Board of Trustees is satisfied that the trading subsidiary's staff salaries are benchmarked against market levels and monitored by said subsidiary's Human Resources Committee on an annual basis.

FUTURE PLANS

The Trustees hold a Reception each year in order to present grants in person to representatives of medical charities, hospices and hospitals. One such event was hosted at the City Chambers in Glasgow on 19 February 2015. Twenty-seven charities were presented with grants on this occasion and the event was hosted by Councillor Sadie Docherty, the Lord Provost of Glasgow, Vice-President of The Hospital Saturday Fund.

In 2015, it is expected that grants awarded to medical charities, hospital and hospices will be in the region of £850,000, and recipients are already receiving funds. This will be even more appreciated as charities experience a decline in funding, generally, during these difficult times.

The Charity relies on the success of its Trading Subsidiary, HSF health plan, not only to maintain but potentially to increase the size of its expendable endowment and therefore to increase the amount of charitable grants. The Trustees look forward to extending their grant making resulting in a greater contribution to the work of the medical charity sector.

ON BEHALF OF THE BOARD ON 23 MARCH 2015

JOHN GREENWOOD
Chairman

DAVID THOMAS
Vice Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

We have audited the financial statements of The Hospital Saturday Fund for the year ended 31 December 2014 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the group's and charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006;

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Trustees and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Adam Halsey (Senior Statutory Auditor)
for and on behalf of **haysmacintyre, Statutory Auditor**

26 Red Lion Square
London
WC1R 4AG

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 Unrestricted Charity £	2014 Trading £	2014 Expendable Endowment £	2014 Total £	Restated 2013 Total £
Incoming resources						
Voluntary incoming resources						
Sundry donations		281	-	-	281	436
Income from generated funds:						
Activities to generate funds:						
Trading turnover	5	-	25,251,673	-	25,251,673	24,994,647
Investment income	2	120,909	357,384	-	478,293	469,911
Total incoming resources		<u>121,190</u>	<u>25,609,057</u>	<u>-</u>	<u>25,730,247</u>	<u>25,464,994</u>
Resources expended						
Charitable activities:						
Grants and donations made	6	740,753	-	-	740,753	646,099
Costs of generating funds:						
Costs of grant making activities						
Fundraising and events		17,773	-	-	17,773	17,707
Trading costs		-	24,480,651	-	24,480,651	24,545,474
Support costs		117,103	-	-	117,103	83,201
Investment management costs		-	79,077	55,026	134,103	158,220
Governance costs		5,730	-	-	5,730	5,250
Total resources expended	3	<u>881,359</u>	<u>24,559,728</u>	<u>55,026</u>	<u>25,496,113</u>	<u>25,455,951</u>
Net incoming resources		(760,169)	1,049,329	(55,026)	234,134	9,043
Gain on revaluation of tangible assets	8	-	700,000	-	700,000	-
Realised investment (loss)/gain	9	-	(49,438)	26,697	(22,741)	515,027
Unrealised investment gain	9	-	572,672	188,127	760,799	1,912,087
Transfer between funds		740,753	-	(740,753)	-	-
Gift aid donation		-	(1,004,417)	1,004,417	-	-
Net movement in funds for the year		<u>(19,416)</u>	<u>1,268,146</u>	<u>423,462</u>	<u>1,672,192</u>	<u>2,436,157</u>
Funds brought forward		<u>58,656</u>	<u>16,371,653</u>	<u>7,959,013</u>	<u>24,389,322</u>	<u>21,953,165</u>
Funds carried forward at 31 December 2014		<u><u>39,240</u></u>	<u><u>17,639,799</u></u>	<u><u>8,382,475</u></u>	<u><u>26,061,514</u></u>	<u><u>24,389,322</u></u>

The notes on pages 16 to 24 form part of these financial statements

All transactions are derived from continuing activities.

The statement of financial activities includes the income and expenditure account.

All recognised gains and losses are included in the statement of financial activities.

GROUP AND CHARITY BALANCE SHEETS

AT 31 DECEMBER 2014

	Notes	2014		Restated 2013	
		Group £	Charity £	Group £	Charity £
FIXED ASSETS					
Intangible assets	7	-	-	-	-
Tangible assets	8	2,746,531	11,250	2,049,980	-
Investments	9	21,418,154	22,458,719	19,862,513	21,036,055
		<u>24,164,685</u>	<u>22,469,969</u>	<u>21,912,493</u>	<u>21,036,055</u>
CURRENT ASSETS					
Debtors	10	2,493,884	791,709	2,565,227	1,438,625
Bank balances and cash		3,145,489	1,098,168	3,484,130	1,412,822
Deferred tax asset	12	6,624	-	-	-
		<u>5,645,997</u>	<u>1,889,877</u>	<u>6,049,357</u>	<u>2,851,447</u>
CREDITORS: amounts falling due within one year	11	<u>(3,749,168)</u>	<u>(73,644)</u>	<u>(3,569,619)</u>	<u>(5,347)</u>
NET CURRENT ASSETS		<u>1,896,829</u>	<u>1,816,233</u>	<u>2,479,738</u>	<u>2,846,100</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,061,514</u>	<u>24,286,202</u>	<u>24,392,231</u>	<u>23,882,155</u>
PROVISION FOR LIABILITIES AND CHARGES	12	<u>-</u>	<u>-</u>	<u>(2,909)</u>	<u>-</u>
NET ASSETS		<u><u>26,061,514</u></u>	<u><u>24,286,202</u></u>	<u><u>24,389,322</u></u>	<u><u>23,882,155</u></u>
Representing:					
FUNDS					
Unrestricted funds					
- General funds	13	39,240	15,903,727	58,656	15,923,142
- Trading funds	13	17,639,799	-	16,371,653	-
Expendable endowment fund	13	8,382,475	8,382,475	7,959,013	7,959,013
		<u>26,061,514</u>	<u>24,286,202</u>	<u>24,389,322</u>	<u>23,882,155</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 23 March 2015 and were signed below on its behalf by:

JOHN GREENWOOD
Chairman

DAVID THOMAS
Vice Chairman

The notes on pages 16 to 24 form part of these financial statements.

THE HOSPITAL SATURDAY FUND**GROUP CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	Restated
	£	2013
		£
Reconciliation of net movement in funds for the year to net operating cash flows		
Net movement in funds for the year	1,672,192	2,436,157
Gain on revaluation of tangible assets	(700,000)	-
Unrealised gains on other financial investments	(760,799)	(1,912,087)
Realised losses/(gains) on other financial investments	22,741	(515,027)
Income from other financial investments and cash	(478,293)	(469,911)
	<u>(244,159)</u>	<u>(460,868)</u>
Depreciation and amortisation	139,374	204,133
Decrease/(increase) in debtors	72,528	(183,374)
Increase in creditors	168,831	365,519
Net cash inflow/(outflow) from operating activities	<u>136,574</u>	<u>(74,590)</u>
CASH FLOW STATEMENT		
Net cash inflow/(outflow) from operating activities	136,574	(74,590)
Returns on investments and servicing of finance (Note A)	478,293	469,911
Capital expenditure (Note A)	(135,925)	(13,147)
	<u>478,942</u>	<u>382,174</u>
Cash flows were invested as follows:		
(Decrease)/increase in cash holdings	(338,641)	1,141,438
Net investments (Note A)	817,583	(759,264)
	<u>478,942</u>	<u>382,174</u>
Net cash flow for the year (Note B)		
Cash flow	(338,641)	1,141,438
Net investments	817,583	(759,264)
Movement arising from cash flows	478,942	382,174
Changes in market value	738,058	2,427,114
Total movement in cash and investments	1,217,000	2,809,288
Investments and cash at 1 January 2014	23,346,643	20,537,355
Investments and cash at 31 December 2014	<u>24,563,643</u>	<u>23,346,643</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

A GROSS CASH FLOWS

	2014	2013
	£	£
Returns on investments and servicing of finance		
Income received from other financial investments	410,494	358,471
Interest received	67,799	111,440
	<u>478,293</u>	<u>469,911</u>
Capital Expenditure		
Purchases of tangible fixed assets	(135,925)	(13,147)
Investments		
Purchases of other financial investments	(18,188,465)	(6,382,124)
Sales of other financial investments	17,370,882	7,141,388
	<u>(817,583)</u>	<u>759,264</u>

B MOVEMENT IN CASH AND INVESTMENTS

	At 1 January		Changes in	At 31 December
	2014	Cash flows	Market Values	2014
	£	£	£	£
Cash in hand and at bank	3,484,130	(338,641)	-	3,145,489
Other financial investments	19,862,513	817,583	738,058	21,418,154
	<u>23,346,643</u>	<u>478,942</u>	<u>738,058</u>	<u>24,563,643</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with:

- the Companies Act 2006;
- the Statement of Recommended Practice on Accounting and Reporting by Charities: the Charities SORP 2005;
- the historical cost convention, as modified by the adoption of market value for investment assets and the revaluation of freehold property; and
- applicable accounting standards.

These accounts consolidate the accounts of the Charitable Company and its wholly owned non-charitable trading subsidiary company HSF health plan Limited. As permitted by Section 408 of the Companies Act 2006 and in accordance with paragraph 397 of the Charities SORP 2005, no separate SOFA has been presented for the Charitable Company alone.

a) Gift of investment in HSF health plan Limited

The investment is carried at the Trustees' estimate of valuation at 1 April 2007, the date of gift, less any provision for permanent diminution in value.

b) Incoming resources

Incoming resources represents donations, income from the trading subsidiary and investment income. All income is accounted for on a receivable basis.

c) Tangible Fixed Assets

Land and buildings occupied by the Group for its own purposes are stated at valuation less depreciation.

Depreciation is calculated to write off the cost or valuation less estimated residual value of assets in equal instalments over their expected useful lives. The rates used are as follows:-

Freehold property	2%
Furniture and equipment	20%
Computer equipment	25%

d) Investments

Investments are carried at market value in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005. Unrealised gains and losses on the revaluation of listed investments are taken to the Statement of Financial Activities.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and mid-market value at the previous financial year end or cost if the investment was acquired subsequently.

e) Interest Receivable

Interest receivable is credited to the Statement of Financial Activities in the year in which it is receivable.

f) Pension Costs

The Group makes contributions to employees' group personal pension plans. The pension cost charge charged to the Statement of Financial Activities in the year represents contributions payable by the group to the group personal pension plans in respect of the year.

g) Expenditure

Expenditure is summarised under functional headings on a direct cost basis.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

h) Fund accounting

Unrestricted funds comprise accumulated surpluses on general and trading funds.

General funds comprise the accumulated surplus from the Statement of Financial Activities which are not restricted nor designated funds. They are available for use at the discretion of the Directors in furtherance of the general objectives of the Charitable Company.

Trading funds are the accumulated trading surpluses and revaluation surplus of the trading subsidiary.

i) Fund accounting

Expendable endowment funds arise where the terms of the gift aid donation stipulate that the funds are to be treated as capital but may be expended at the discretion of Trustees within the objects of the charity. Accordingly, the Trustees have the right but not the duty to expend the capital as they see fit.

j) Deferred Taxation

Full provision is made for deferred tax assets and liabilities within the trading subsidiary accounts in respect of all non-permanent timing differences that have originated but not reversed at the balance sheet date. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

k) Operating Leases

Rentals costs payable under operating leases are charged to the Statement of Financial Activities over the period of each lease.

l) Intangible fixed assets

Purchased goodwill is stated at cost less amortisation and is written off on a straight line basis over a period of 5 years.

m) Translation of Foreign Currency

Transactions in foreign currencies are converted monthly at the relevant month end rates of exchange. At the year end assets and liabilities are converted at the exchange rates ruling at that date. Exchange differences are taken to the Statement of Financial Activities.

n) Grants

Grants are recognised in the accounts when awarded by the Grant Making Committee and paid to the recipients. The grants are awarded at the discretion of the Trustees within the objects of the Charitable Company.

o) Prior year adjustment

As a result of the coming introduction of Solvency II, more information is now available which impacts upon the calculation of the debtors arising from direct insurance operations balance, and the provision for claims outstanding balance. This has provided data which demonstrates that the 2013 year end balances were understated and therefore a prior period adjustment has been made. See Note 13a for more information.

2. INVESTMENT INCOME

	2014	2013
	£	£
Income from other financial investments	410,494	358,471
Interest receivable	67,799	111,440
	<u>478,293</u>	<u>469,911</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

3. ANALYSIS OF TOTAL RESOURCES EXPENDED	Staff costs £	Other costs £	Depreciation & Amortisation £	Total £
Charitable activities				
Grants made	-	740,753	-	740,753
	-	740,753	-	740,753
Cost of generating funds				
Cost of grant making activities				
Fundraising and events	-	17,773	-	17,773
Health cash plan – trading costs	3,448,558	20,893,469	138,624	24,480,651
Support costs	-	116,353	750	117,103
Investment management costs	-	134,103	-	134,103
	3,448,558	21,161,698	139,374	24,749,630
Governance costs	-	5,730	-	5,730
Group Total	<u>3,448,558</u>	<u>21,908,181</u>	<u>139,374</u>	<u>25,496,113</u>

4. STAFF COSTS

Charity

The charity employs no staff, all staff are employed by the trading subsidiary – HSF health plan Limited. A management fee of £68k was paid from the Charity to HSF health plan Limited during the year (2013: £60,000) which includes the fee for the services provided by the trading subsidiary staff.

Trading subsidiary – HSF health plan Limited

	2014 £	2013 £
Wages and salaries	2,750,362	2,406,804
Social security costs	293,555	278,310
Pension costs	404,641	338,370
	<u>3,448,558</u>	<u>3,023,484</u>

	No.	No.
The average number of full time equivalent employees in the year was:		
Sales	23	22
Administration	42	42
	<u>65</u>	<u>64</u>

The number of employees whose annual emoluments exceeded £60,000 were:-

£60,001 - £70,000	6	4
£70,001 - £80,000	1	-
£80,001 - £90,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£160,001 - £170,000	-	1
£170,001 - £180,000	-	1
£180,001 - £190,000	2	-

Contributions totalling £167,677 (2013: £101,766) were made to group personal pension plans in respect of the 12 (2013: 9) employees above.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

None of the trustees were remunerated during the year for their services as trustees of the parent Charitable Company. Expenses totalling £8,150 (2013: £5,119) were reimbursed to seven trustees (2013: seven) of the parent Charitable Company.

Five Trustees received remuneration during the year for performance of their duties as Directors of the trading subsidiary:

	2014	2013
	£	£
Mr M J Boyle (to Sep 2014)	5,191	6,733
Mrs J L Dalton	5,938	5,776
Mr J Greenwood	5,926	5,764
Mr D Thomas	6,980	5,130
Mr J Randel	12,182	11,849
Mr M Davies (from Oct 2014)	1,485	-
Total remuneration	<u>37,702</u>	<u>35,252</u>

5. RESULTS OF SUBSIDIARY

HSF health plan Limited is a wholly owned subsidiary of The Hospital Saturday Fund. HSF health plan Limited, incorporated in the UK (number 30869), is a health cash plan organisation and donates its surplus annual taxable profits to the Charity under Gift Aid. The results of HSF health plan Limited are detailed below:

	2014	Restated
	£	2013
		£
PROFIT AND LOSS ACCOUNT		
Premium income	25,235,321	24,994,647
Claims paid and reinsurance	(19,295,937)	(19,501,552)
	<u>5,939,384</u>	<u>5,493,095</u>
Operating profit/(loss) before taxation	<u>558,613</u>	<u>(544,346)</u>
Profit/(loss) for the year after taxation	<u>568,146</u>	<u>(460,342)</u>
BALANCE SHEET		
Fixed assets	17,559,204	16,740,926
Net current assets/(liabilities)	73,971	(366,364)
Deferred tax	6,624	(2,909)
NET ASSETS	<u>17,639,799</u>	<u>16,371,653</u>
FUNDS		
Revaluation reserve	1,837,887	1,161,437
General reserve	15,801,912	15,210,216
	<u>17,639,799</u>	<u>16,371,653</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

HSF Assist Limited is a wholly owned subsidiary of The Hospital Saturday Fund. HSF Assist Limited, incorporated in the UK (number 8139547), is a helpline organisation and donates its surplus annual taxable profits to the Charity under Gift Aid. The results of HSF Assist Limited are detailed below:

PROFIT AND LOSS ACCOUNT	2014	2013
	£	£
Premium income	16,352	-
Helplines and counselling	(3,908)	-
Other admin costs inc gift aid donation	(12,444)	-
	<u> </u>	<u> </u>
Profit for the year after taxation	-	-
	<u> </u>	<u> </u>
BALANCE SHEET		
Net current assets	<u> </u>	<u> </u>
NET ASSETS	<u> </u>	<u> </u>
CAPITAL AND RESERVES		
Share capital	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

6. GRANTS	Grants to	Grants to	Total
	Institutions	Individuals	£
	£	£	
During the year the following grants were made:			
Medical charities	518,002	-	518,002
Hospitals and hospices	145,480	-	145,480
Welfare grants to individuals	-	47,354	47,354
Donations other	29,917	-	29,917
	<u> </u>	<u> </u>	<u> </u>
	693,399	47,354	740,753
	<u> </u>	<u> </u>	<u> </u>

A full list of grants to institutions is available on the Charity website.

7. INTANGIBLE FIXED ASSETS - GROUP	Purchased
	Goodwill
	£
Cost	
At 1 January 2014 and 31 December 2014	<u>1,091,413</u>
Amortisation	
At 1 January 2014	1,091,413
Charge for the year	-
	<u> </u>
At 31 December 2014	<u>1,091,413</u>
Net book value	
At 31 December 2014	<u> </u>
At 31 December 2013	<u> </u>

Purchased goodwill represents the cost of acquiring the insurance business from a third party insurance company in Ireland.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

8. TANGIBLE FIXED ASSETS	Charity		Freehold property £	Group	Total £
	Computer Equipment £	Total £		Furniture Fixtures and Fittings £	
COST OR VALUATION					
At 1 January 2014	-		2,000,000	1,211,100	3,211,100
Additions in year	12,000	12,000	-	135,925	135,925
Revaluation	-	-	500,000	-	500,000
Disposals	-	-	-	(124,664)	(124,664)
At 31 December 2014	12,000	12,000	2,500,000	1,222,361	3,722,361
DEPRECIATION					
At 1 January 2014	-		160,000	1,001,120	1,161,120
Charge for year	750	750	40,000	99,374	139,374
Revaluation	-	-	(200,000)	-	(200,000)
Disposals	-	-	-	(124,664)	(124,664)
At 31 December 2014	750	750	-	975,830	975,830
NET BOOK VALUE					
At 31 December 2014	11,250	11,250	2,500,000	246,531	2,746,531
At 31 December 2013	-	-	1,840,000	209,980	2,049,980

The trading subsidiary owns a freehold property at 24 Upper Ground, London SE1 9PD which is used for the trading subsidiary's own activities. On 28 January 2010, a full valuation was performed and the property was valued at £2,000,000 on an open market basis by Keith Lumley, Chartered Surveyors. An internal valuation was undertaken at year end, and the property was valued at £2,500,000 on an open market basis by the Directors.

9. INVESTMENTS	2014		2013	
	Group £	Charity £	Group £	Charity £
Market value at 1 January 2014	19,862,514	21,036,055	18,194,663	20,600,669
Additions	18,188,465	4,531,329	6,382,124	1,407,863
Disposals	(17,393,624)	(3,296,792)	(6,626,361)	(1,484,750)
Unrealised gains	760,799	188,127	1,912,087	512,273
Market value at 31 December 2014	21,418,154	22,458,719	19,862,513	21,036,055
Historical cost at 31 December 2014	19,588,640	21,797,624	15,148,239	20,118,347
At market value				
United Kingdom investments	9,493,253	3,536,448	8,501,107	3,003,133
Overseas investments	8,147,246	2,287,298	7,468,297	1,486,041
Bonds	3,777,655	770,485	3,878,069	682,393
FX products and derivatives	-	-	15,040	-
Investment in HSF health plan Limited	-	15,864,488	-	15,864,488
	21,418,154	22,458,719	19,862,513	21,036,055

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

10. DEBTORS	2014		2013					
	Group £	Charity £	Restated Group £	Charity £				
Insurance operation debtors	1,782,110	-	1,879,228	-				
Other debtors	408,546	788,166	435,117	1,436,139				
Prepayments and accrued income	303,228	3,543	250,882	2,486				
	<u>2,493,884</u>	<u>791,709</u>	<u>2,565,227</u>	<u>1,438,625</u>				
11. CREDITORS: amounts falling due within one year	2014		2013					
	Group £	Charity £	Restated Group £	Charity £				
Insurance operations creditors	3,033,111	-	3,023,282	-				
Other creditors including taxes and social security	716,057	73,644	546,337	5,347				
	<u>3,749,168</u>	<u>73,644</u>	<u>3,569,619</u>	<u>5,347</u>				
12. PROVISION FOR DEFERRED TAXATION		Liability on Investment gains £	Fixed asset - Timing differences £	Total £				
At 1 January 2014		(36,690)	33,781	(2,909)				
Profit and loss account		26,193	(16,660)	9,533				
At 31 December 2014		<u>(10,497)</u>	<u>17,121</u>	<u>6,624</u>				
13. MOVEMENT ON FUNDS								
	Balance at 1 January 2014 £	Prior Period Adjustment (Note 13a) £	At 1 January 2014 Restated £	Movement in funds Incoming resources £	Resources expended £	Gains on Investments/ Property £	Transfers £	Balance at 31 December 2014 £
Unrestricted funds								
General funds	58,65	-	58,656	121,190	(881,359)	-	740,753	39,240
Trading funds	16,867,01	(495,359)	16,371,653	25,609,057	(24,559,728)	1,223,234	(1,004,417)	17,639,799
	<u>16,925,66</u>	<u>(495,359)</u>	<u>16,430,309</u>	<u>25,730,247</u>	<u>(25,441,087)</u>	<u>1,223,234</u>	<u>(263,664)</u>	<u>17,679,039</u>
Expendable Endowment	<u>7,959,01</u>	<u>-</u>	<u>7,959,013</u>	<u>-</u>	<u>(55,026)</u>	<u>214,824</u>	<u>263,664</u>	<u>8,382,475</u>
Total funds	<u>24,884,68</u>	<u>(495,359)</u>	<u>24,389,322</u>	<u>25,730,247</u>	<u>(25,496,113)</u>	<u>1,438,058</u>	<u>-</u>	<u>26,061,514</u>

Expendable endowment fund

The principal purpose of the expendable endowment fund is to provide a capital base from which income is earned to finance the grant making activities. The Trustees have the powers to approve expenditure from the expendable endowment capital in certain circumstances however these are likely to be limited to grant making activity where unrestricted reserves are known to be insufficient to meet the cost of particular grants specifically approved by the Trustees. Transfer of funds represents the gift aid donation from HSF health plan Limited to The Hospital Saturday Fund.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

13a. PRIOR YEAR ADJUSTMENT

As a result of the coming introduction of Solvency II, more information is now available which impacts upon the calculation of the debtors arising from direct insurance operations balance, and the provision for claims outstanding balance. This has provided data which demonstrates that the 2013 year end balances were understated and therefore a prior period adjustment has been made. The overall effect is to increase the 2013 year end insurance operations debtors by £157,438, increase insurance operations creditors by £652,797 and decrease the year end trading reserves by £495,359.

14. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Total Funds £	Unrestricted funds		Expendable Endowment £
		General Fund £	Trading Fund £	
Fund balances at 31 December 2014 are represented by				
Tangible fixed assets	2,746,531	11,250	2,735,281	-
Investments	21,418,154	-	14,823,923	6,594,231
Cash at bank and in hand	3,145,489	-	2,047,321	1,098,168
Other current assets	2,493,884	33,559	1,770,249	690,076
Liabilities due within one year	(3,749,168)	(5,569)	(3,743,599)	-
Deferred tax	6,624	-	6,624	-
Total Net Assets	26,061,514	39,240	17,639,799	8,382,475

15. PENSION COSTS

The Group makes contributions to group personal pension plans. The assets of the schemes are held separately from those of the Charitable Company in independently administered funds. The pension cost charge represents contributions payable for the year by the Group to the personal pension plans and amounted to £404,641 (2013: £338,370).

At the balance sheet date, there were outstanding or contributions of £66,129 (2013: £Nil).

16. OPERATING LEASE COMMITMENTS

At 31 December 2014, the Group had annual commitments under operating leases which expire as follows:

	2014		2013	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	-	11,445	-	19,429
In the second to fifth years inclusive	30,779	103,925	32,209	98,169
	<u>30,779</u>	<u>115,370</u>	<u>32,209</u>	<u>117,598</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

17. CONTINGENT ASSETS AND LIABILITIES

No provision has been made for any levy which the trading subsidiary may be called upon to pay under the provisions of the Policyholders Protection Act 1975. The maximum amount of any such levy in respect of the current financial year would be £252,420 (2013: £250,480).

The trading subsidiary may have a liability to a pension scheme to which certain employees of the trading subsidiary formerly belonged. The Directors are advised that the potential liability should not exceed £250,000. No provision has been made in respect of any potential liability.

18. CAPITAL COMMITMENTS

At year end the group had committed £507,000 to the purchase of a new policyholder's database.