

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

REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018



Paul Jackson, HSF Chief Executive, presenting a grant cheque to Simon Hickson, Cinema Manager at MediCinema, Chelsea and Westminster Hospital, London

Registered Company Number: 6039284

Registered Charity Number: 1123381

THE HOSPITAL SATURDAY FUND
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

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THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2018

OFFICERS AND ADVISERS

<i>Chairman</i>	Mr J Greenwood
<i>Vice Chairman</i>	Mr D Thomas
<i>Other Trustees</i>	Mrs J L Dalton LLB (Hons) Mr M Davies Professor P W Palmer BA(Hons) PhD FCIS FIIA DChA FRSH Mr J Randel Mrs M Rogers
<i>Chief Executive</i>	Mr P W Jackson MSc BA (Hons) DChA
<i>Company Secretary</i>	Mrs Michelle Whittington FCIPD
<i>Patron</i>	Ms L Garrett CBE FRAM
<i>Principal Bankers</i>	HSBC
<i>Solicitors</i>	Kerman & Co LLP
<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 2018

The Board of Trustees is pleased to present the 12th 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 2018.

Strategic Report

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 medically associated charities for care and research, and to some individuals with health problems throughout the UK and Ireland.

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. The trading activities of the subsidiary companies enable The Hospital Saturday Fund to continue its charitable activities.

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 2018, HSF processed 144 applications on behalf of individuals and, after careful assessment by the Grant Making Committee, 122 were awarded a grant making a total of £61,694 (2017: £55,847) for the year. A further total of £1,093,170 (2017: £966,745) was awarded to 393 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.

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

YEAR ENDED 31 DECEMBER 2018

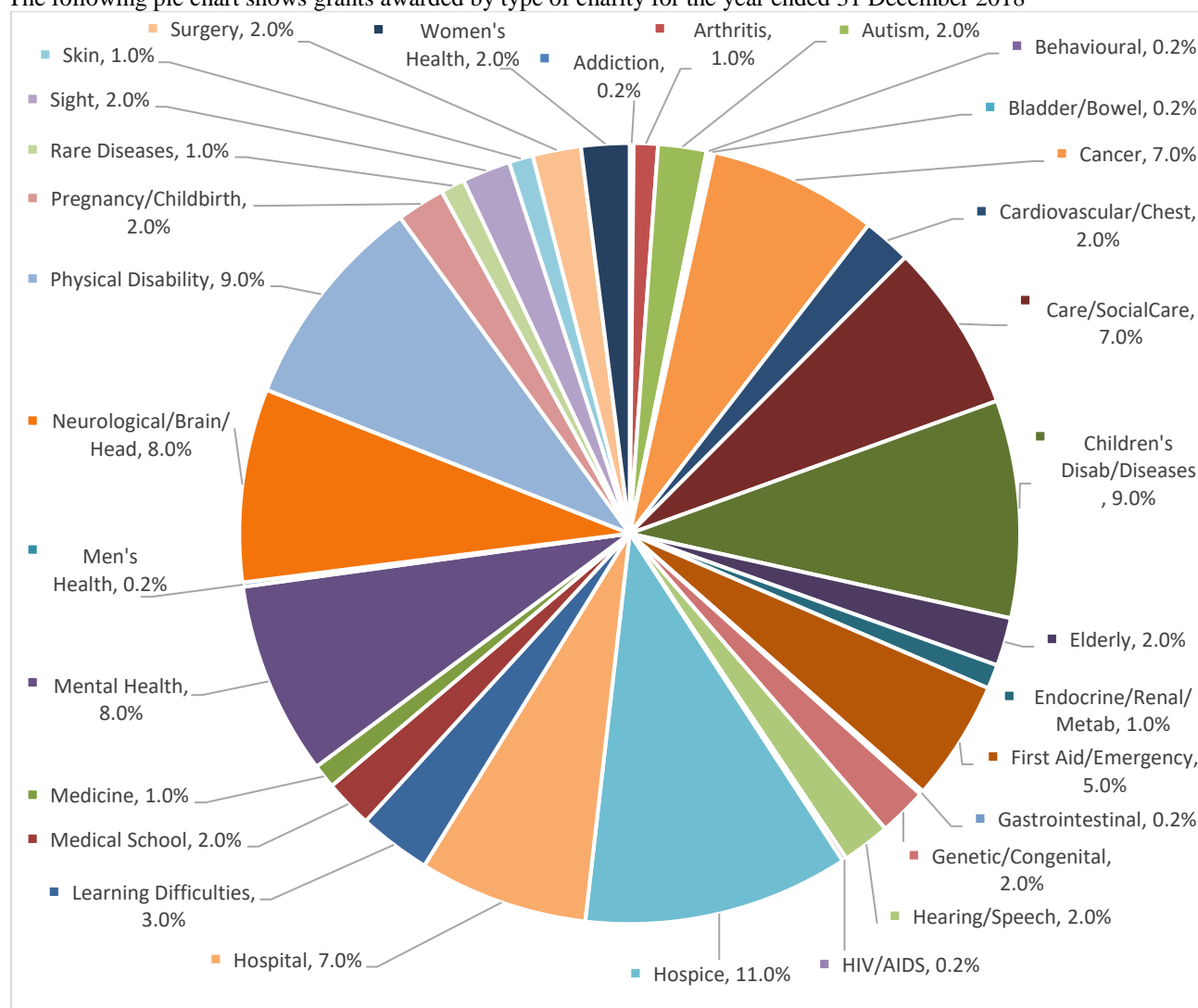
PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Annual Receptions

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 15 February 2018 at the Mansion Houses in Dublin was hosted by Mícheál MacDonncha, the Lord Mayor of Dublin, Vice-President of The Hospital Saturday Fund. A total of €95,000 was donated that evening to 29 different organisations. Lesley Garrett, Hospital Saturday Fund Patron joined the Lord Mayor, to present the grants.

The Trustees also held, for the first time in eight years, a charity reception in London. The reception took place on 8 November 2018 hosted by The Embassy of Ireland. A total of £100,000 was donated on that evening to 26 charities based in Ireland and the UK. Ms Alice Beer, the well-known TV presenter and consumer journalist and Mr Gerald Angley, Deputy Head of Mission, both attended the reception and presented the grants.

The following pie chart shows grants awarded by type of charity for the year ended 31 December 2018



The vast majority of grants awarded were for £2,000 (or €2,700), with 52 lesser donations being made. 112 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 represented.

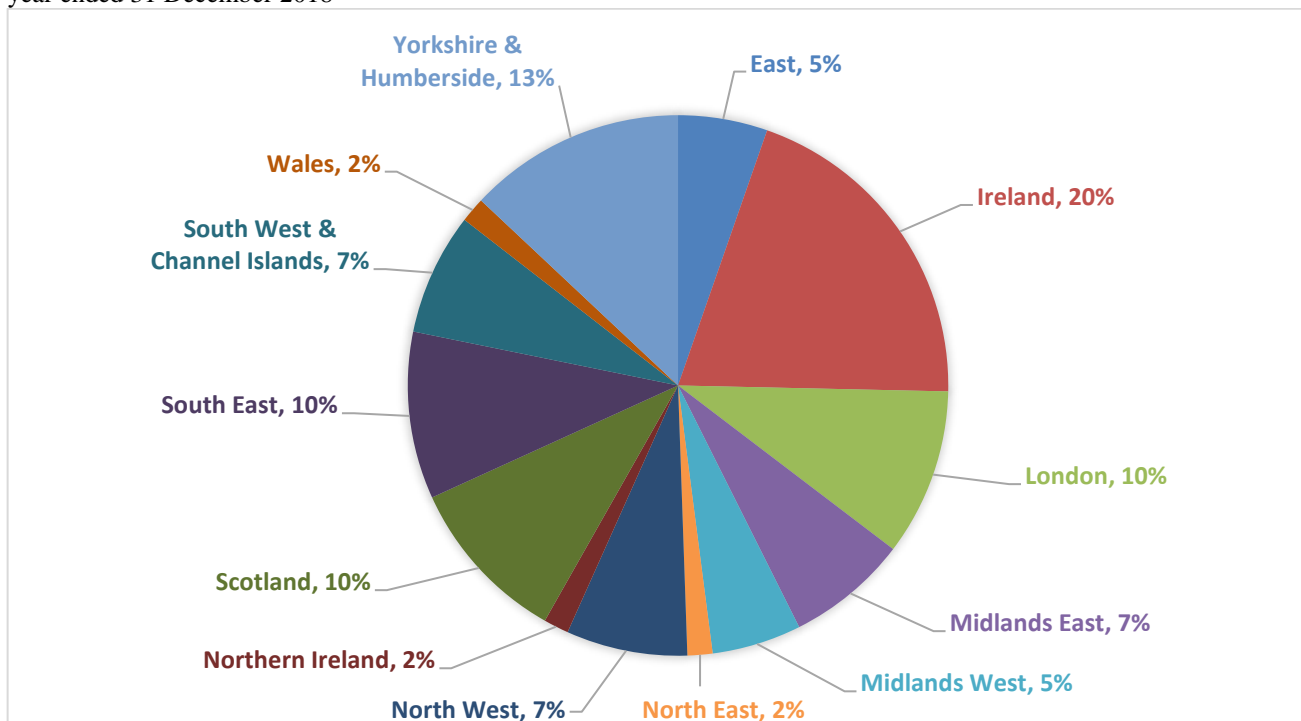
THE HOSPITAL SATURDAY FUND
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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Grants are made to both local and national institutions. The following pie chart shows grants awarded by region for the year ended 31 December 2018



Organisations receiving grants ranged from Cork Association for Autism, Focus Birmingham, Leonard Cheshire Disability, Helen & Douglas House, Irish Red Cross, Action Medical Research, Pregnancy Sickness Support, British Stammering Association, Lindsay Leg Club Foundation, Asthma Society of Ireland, Breast Cancer Haven, Irish Hospice Foundation, London Wheelchair Rugby Club, Jewish Care, Little Hearts Matter, Berkshire MS Therapy Centre, Dogs for Good, Aspire, Thrombosis Ireland, Scottish Cot Death Trust, Bowel Disease Research Foundation, Childhood Eye Cancer Trust.

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 past awards have had. 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: <https://www.hospitalsaturdayfund.org/news-archive>. Amongst others, updates on the website relating to work supported by the Hospital Saturday Fund in 2018 refer to:

- A grant for their medical elective programme (Nottingham University)
- To research innovative colorectal surgical procedures (St Mark's Hospital Foundation)
- To provide a grant towards the new Head Injury Research Fellow (London's Air Ambulance)
- Funding for reflexology sessions for breast cancer patients (Primrose Centre)
- A grant towards their Hard to Reach programme (Arthritis Ireland)
- To fund a hydrotherapy bath (Mayo Roscommon Hospice)
- To help fund medical and rescue equipment (Central Beacons Mountain Rescue Team)
- A grant for occupational therapy services (St Wilfrid's Hospice)
- Funding toward the Summer Project for children with complex needs (Central Remedial Clinic Dublin)
- To support a monthly health and wellbeing clinic for young people (Spina Bifida Hydrocephalus Scotland)

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

YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

- A grant towards a Hospital Liaison Service (Jo's Cervical Cancer Trust)
- To help fund a programme for autistic teenagers (Merton Mencap)
- A grant for equipment at the Centre for Burns Rehabilitation (Katie Piper Foundation)
- Funding towards nurses at cinema screenings for hospital patients (MediCinema)
- A grant towards visual art therapy for those with mental ill-health (CoolTan Arts)
- To provide rehabilitation programmes for brain injured people (Headway Portsmouth & SE Hampshire)
- To help fund equipment for their motor neurone disease clinic (Earl Mountbatten Hospice)

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 Bristol University

'We are all delighted that HSF has again made such a generous donation to support medical student elective travels. The money will help to enable some of our students to undertake studies in very different healthcare settings. As they come to the end of their undergraduate studies, many will be able to help in very practical ways and they all learn such a great deal and broaden their horizons'.

Grant to Teenage Cancer Trust

'Thank you once again, the generosity of The Hospital Saturday Fund is helping up to ensure that young people facing cancer receive the best age appropriate care'.

Grant to Teapot Trust

'Imagine holding your long awaited baby in your arms one night then being flown or rushed by ambulance to a far-away city, your child critically ill and being rushed for specialist surgery. Many parents experience this and thanks to your generous grant, we will be able to give these parents a safe, warm and welcoming 'home from home' with a toiletries welcome pack and the ability to visit their child anytime, day or night and get a proper rest when they can. Keeping families together at this critical time is so important and we are deeply grateful that you are supporting us in this way'.

Grant to Spinal Injuries Ireland

'Once again we would like to say a huge thank you to HSF from all of us at Spinal Injuries Ireland. These grants can be some of the only glimmer of positive news and support that our clients can get'.

Grant to Saint Michael's Hospice

'Thank you so much for the generous grant to purchase a new bath hoist. Most of our patients are very poorly and frail and before coming to the hospice they would, at best, be able to have a shower but many would have a sponge bath in bed. So to see a patient's face when they sink into a bath of bubbles is truly magical. Without the bath hoist we would not be able to provide this opportunity'.



Paul Jackson, HSF Chief Executive, The Lord Mayor of Dublin, Micheál Mac Donncha and Lesley Garrett, HSF Patron, present Emma Morgan of Fighting Blindness with a grant cheque at the Charity Reception in Dublin, February 2018

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

YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

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

Grant for home adaptations

On behalf of our son we wish to most sincerely thank you for your kind and generous donation towards equipment for his garden, which was recommended following an assessment of his needs. Despite his profound disabilities he is showing real joy and excitement as his garden is being transformed.

Individual Grant Recipient

Grant for gait trainer

I am writing to say thank you to the Trustees for their very generous grant towards the purchase of a gait trainer for AC. Her family and her carers at Epilepsy Society are delighted that she will be able to walk comfortably with this new equipment, it will make a huge difference to her life and we are all enormously grateful for this support.

Epilepsy Society, Supporter for Individual Grant

Grant for wheelchair

For me, this is the ultimate and adds a whole new dimension to my life along with loads more freedom and, for this, I'm more than grateful to you all for your extremely generous contribution. I feel very fortunate. Huge thanks from the bottom of my heart.

Individual Grant Recipient

Grant for hydrotherapy sessions

Thank you for your grant to HA for hydrotherapy sessions and her Mum is thrilled that they can commence new sessions and she has asked me to pass on her sincere thanks. Having had several sessions in the past, she saw first-hand how there was a massive difference in her daughter's range of movements and without as many muscle spasms, she was a much happier little girl.

Cumbria Cerebral Palsy, Supporter for Individual Grant

Grant for wheelchair

I would like to say a massive "THANK YOU" for your help in raising the total funds needed for my new wheelchair. I am extremely grateful for your support. My life has improved already but it is about to change even more as I will become a Mum soon. I was extremely worried about how I would cope in my new role as a parent but the transformation I have noticed in myself using my new wheelchair has washed those fears away. I don't think "thank you" actually cuts it for the support your organization has given me. I will be forever grateful for your help.

Individual Grant Recipient

Grant for wheelchair

I am pleased to let you know M's chair was delivered yesterday – see the lovely photos. He is delighted with it and so pleased it has arrived this side of the Christmas break. Thank you to you and your colleagues for your continued support.

My AFK, Supporter for Individual Grant

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2018

FINANCIAL REVIEW

State of affairs

The Group Statement of Financial Activities for the year is set out on page 14 and shows net incoming/outgoing resources for the year of £1,328,091, (2017: £2,035,418). Net movement in funds for the year amounted to (£117,957), after investment losses of £1,446,048 resulted in a net asset position as at 31 December 2018 of £31,412,239 (2017: £31,530,196). Of these funds, £18,171,940 is represented by the net assets of the trading subsidiary.

The trading company's total profit for the year was £1,637,873 (2017: £4,165,923). Total premiums (less Insurance Premium Tax) for the year were £30,770,984. Benefits payable (including Personal Accident premiums and helplines) for the year were £22,716,381 and represented 73.8% of premium income.

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

For the charity alone, total income for the year amounted to £3,566,467 (2017: £2,839,585) including gift aid from the subsidiary companies of £3,335,837 (2017: £2,671,382). Grants totalling £1,287,812 (2017: £1,092,857) were made during the year, which is considerably in excess of income available for charitable application. These grants were therefore made by utilising expendable endowment funds. After charging the grants and crediting the gift aid payment and realised and unrealised investment gains the endowment fund increased by £1,395,277 to £12,585,839

The Trustees are satisfied with the net asset position of the group at the year end and are confident that sufficient funds will be available to meet the future needs of the Charitable Company.

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.

The charity plans carefully to ensure that it budgets in accordance with expected income flows but inevitably short term fluctuations can occur. In light of this policy residual free reserves will be held at a level sufficient to cover the operational working capital needs of the charity and to provide for short term fluctuations in either falls in investment income year on year, and/or falls in profitability of the trading subsidiary. For clarity trading reserves have been separated from free charitable funds.

At the end of the year free reserves totalled £631,743. Although this is a small increase 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 satisfied with the level of free reserves.

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. Its key risks relate to the ability of the investment portfolio to generate income, and the ability of the trading subsidiary to deliver and generate sufficient profits to enable the charity to award a consistent level of grant making.

The Risk & Compliance Committee of the Charitable Company's Trading Subsidiary monitor the Company's risk exposure in all areas including investment, operational, financial, human resources, sale and business continuity, with the Committees also monitoring their own areas of risk as well. It advises the Board on risk management and policy, while it also keeps under review the effectiveness of these areas. The Chief Risk Officer (CRO) is the Executive Director accountable for enabling the efficient and effective governance of significant risks, and related opportunities, for the Company and this role is the responsibility of the Managing Director. The Chief Risk Officer reports to the Risk & Compliance Committee quarterly to assist the committee with actively monitoring the risks and ensure the controls and appropriate monitoring systems are in place, the CRO is also accountable to the Board of Directors.

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2018

Principal Risks and Risk Assessment (continued)

The Company have produced various risk registers for the different parts of the business and these are kept under constant review by the various Committees and Board to manage and mitigate risks. Risk & Compliance Committee meet regularly to review and monitor these and reports to the Board. The Board are satisfied with the Risk management policies and procedures in place.

The main activity of the Company is operator of a medical cash plan and with this business activity, comes the need to take risk. We monitor the profitability of schemes and the claims data regularly, taking action when required and deemed necessary. The scheme premiums are rated on detailed analysis of historic claims data. Under the insurers regulatory regime, we also consider and diligently monitor a wide range of other risk including market, liquidity, interest rate, insurance, operational, concentration among others, this is done by regular consideration of the ORSA (Own Risk and Solvency Assessment).

Brexit

As 55.5% of the overall premium income for the trading company in 2018 (2017: 54.1%) was generated in Ireland, the trading companies Board of Directors and Senior Management Team, in consultation with their advisors, have conducted extensive research and contingency planning in advance of the UK's departure from the EU on 29th March 2019. The research and planning has been to facilitate the most beneficially compliant trading arrangements for the trading company post Brexit and due to the ongoing uncertainty around this, discussions and contingency plans are still ongoing to establish the best approach. With that in mind, the trading company have been given a preauthorisation letter from the Central Bank of Ireland to set up a Third Country Branch in Ireland to continue trading post Brexit.

Solvency II

The Solvency II regime, which came into effect on 1 January 2016, has continued throughout 2018. The most significant requirement under Solvency II is the submission to the Prudential Regulatory Authority (PRA) on a regular basis (usually annually) of the Own Risks and Solvency Assessment (ORSA), following approval of the Board. The ORSA was approved at the Board meeting in September 2017 and was subsequently submitted to the PRA. The Board will continue to monitor this activity and ensure the company continues to satisfy their solvency requirements

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 £1,764,246 on the investments held.

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 21 February 2019. Twenty-six charities were presented with grants on this occasion and the event was hosted by Councillor Eva Bolander, the Lord Provost of Glasgow, Vice-President of The Hospital Saturday Fund.

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2018

FUTURE PLANS (continued)

In 2019, it is expected that grants awarded to medical charities, hospitals and hospices will be in the region of £1,500,000 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.

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	Mr E W Smith
Miss D O Denton JP	Mr W N Smith
Mr R Dool	Mrs L M C Warner RGN SCM ONHC
Mr L I Fellman	Mr D T Young
Mr P P Groat	
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 17 May 2018 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 broadcaster, Mr John Inverdale, who attended in his capacity as President of Aspire.

At an Extraordinary General Meeting held on 11 October, 2018, Mr John Greenwood was re-elected as Chairman of the Association and Board, also at this meeting Mrs Jane Dalton and Mr John Randel were elected for a three year term as Trustees.

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

YEAR ENDED 31 DECEMBER 2018

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.

Following the introduction of the Charity Governance Code in July 2017, The Charity has adopted this and applied its principles throughout its Governance structure. The Board of trustee regularly review the Charity Governance Code using the apply and explain method.

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 Association of Financial Mutuals / 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, Mrs Margaret Rogers, the Committee includes appointed members Mrs Natalie Comber, Mr Paul Jackson, Mr Keith Lawrey, Mrs Carol Murphy, Mr Cathal Nolan, Mr Glyn Tomlinson, and Mrs Michelle Whittington.

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.

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2018

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.

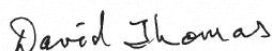
So far as each of the Trustees is aware at the time the report is approved:

- 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 25 March 2019



JOHN GREENWOOD
Chairman



DAVID THOMAS
Vice Chairman

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

Opinion

We have audited the financial statements of The Hospital Saturday Fund for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance sheet, the group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2018 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND (CONTINUED)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Board of Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Trustees (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Trustees (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Use of our report

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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
Date: 25 March 2019

10 Queen Street Place
London
EC4R 1AG

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 Unrestricted Charity £	2018 Trading £	2018 Expendable Endowment £	2018 Total £	2017 Total £
Income and endowments:						
Donations and legacies		1,009	-	-	1,009	1,292
Trading activities	6	-	30,818,686	-	30,818,686	30,267,154
Investment income	2	229,621	508,964	-	738,585	581,758
Total incoming resources		230,630	31,327,650	-	31,558,280	30,850,204
Expenditure on:						
Raising funds – trading activities	4	(22,264)	(28,789,945)	(83,814)	(28,896,023)	(27,732,774)
Amounts available for charitable application		208,366	2,537,705	(83,814)	2,662,257	3,117,430
Charitable activities	4	(1,334,166)	-	-	(1,334,166)	(1,082,012)
Net incoming resources before investment gains and losses		(1,125,800)	2,537,705	(83,814)	1,328,091	2,035,418
Gift aid donation		-	(3,335,837)	3,335,837	-	-
Gain on revaluation of tangible assets		-	-	-	-	100,000
Realised investment (loss)/gain	9	-	(50,012)	158,644	108,632	462,086
Unrealised investment gain	9	-	(827,102)	(727,578)	(1,554,680)	1,384,519
Transfer between funds		1,287,812	-	(1,287,812)	-	-
Net movement in funds for the year		162,012	(1,675,246)	1,395,277	(117,957)	3,982,023
Funds brought forward		469,731	19,869,903	11,190,562	31,530,196	27,548,173
Funds carried forward at 31 December 2018		631,743	18,194,657	12,585,839	31,412,239	31,530,196

The notes on pages 17 to 31 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

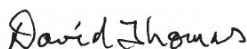
AT 31 DECEMBER 2018

	Notes	2018		2017	
		Group £	Charity £	Group £	Charity £
FIXED ASSETS					
Tangible assets	8	2,847,000	-	3,070,869	3,375
Investments	9	24,868,959	25,761,226	23,876,389	23,996,980
		<u>27,715,959</u>	<u>25,761,226</u>	<u>26,947,258</u>	<u>24,000,355</u>
CURRENT ASSETS					
Debtors	10	2,514,592	6,530	3,238,971	8,347
Bank balances and cash		5,557,039	3,335,770	5,795,924	3,527,160
		<u>8,071,631</u>	<u>3,342,300</u>	<u>9,034,895</u>	<u>3,535,507</u>
CREDITORS: amounts falling due within one year	11	<u>(4,248,075)</u>	<u>(20,518)</u>	<u>(4,275,041)</u>	<u>(11,081)</u>
NET CURRENT ASSETS		<u>3,823,556</u>	<u>3,321,782</u>	<u>4,759,854</u>	<u>3,524,426</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,539,515</u>	<u>29,083,008</u>	<u>31,707,112</u>	<u>27,524,781</u>
PROVISION FOR LIABILITIES AND CHARGES	12	<u>(127,276)</u>	<u>-</u>	<u>(176,916)</u>	<u>-</u>
NET ASSETS		<u><u>31,412,239</u></u>	<u><u>29,083,008</u></u>	<u><u>31,530,196</u></u>	<u><u>27,524,781</u></u>
Representing:					
FUNDS					
Unrestricted funds					
- General funds	13	631,743	15,232,949	469,731	15,069,999
- Trading funds	13	18,194,657	-	19,869,903	-
Expendable endowment fund	13	12,585,839	13,950,059	11,190,562	12,454,782
		<u>31,412,239</u>	<u>29,083,008</u>	<u>31,530,196</u>	<u>27,524,781</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 25 March 2019 and were signed below on its behalf by:



JOHN GREENWOOD
Chairman



DAVID THOMAS
Vice Chairman

The notes on pages 17 to 31 form part of these financial statements.

THE HOSPITAL SATURDAY FUND

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
Reconciliation of net movement in funds for the year to net operating cash flows		
Net movement in funds for the year	(117,957)	3,982,022
Taxation	(49,640)	1,216
Gain on revaluation of tangible assets	-	(100,000)
Unrealised gains on other financial investments	1,544,728	(1,384,519)
Realised (gains)/losses on other financial investments	(108,632)	(462,086)
Income from other financial investments and cash	(727,578)	(581,758)
Depreciation and amortisation	339,552	308,131
Decrease in debtors	724,379	(549,522)
Increase in creditors	(27,402)	472,885
Net cashflow from operating activities	<u>1,577,450</u>	<u>1,686,369</u>
Cash flows from investment activities		
Income received from other financial investments	696,586	538,536
Interest received	41,999	43,223
Purchases of tangible fixed assets	(115,683)	(179,689)
Purchases of other financial investments	(15,251,536)	(4,366,453)
Sales of other financial investments	12,812,929	6,022,679
Net cashflow from investing activities	<u>(1,815,705)</u>	<u>2,058,296</u>
Decrease in cash holdings	(238,255)	3,744,665
Cash and cash equivalents at 1 January 2018	<u>5,795,294</u>	<u>2,051,259</u>
Cash and cash equivalents at 31 December 2018	<u>5,557,039</u>	<u>5,795,924</u>
Analysis of cash and cash equivalents		
Cash in hand	<u>5,557,039</u>	<u>5,795,294</u>
Total cash and cash equivalents	<u>5,557,039</u>	<u>5,795,294</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 2015;
- 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, including Financial Reporting Standard 102 ('FRS 102').

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 2015, 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 of the trading subsidiary and investment income. All income is accounted for on a receivable basis.

Premiums

Earned premiums represent premium income from policyholders for the year, excluding insurance premium tax and including amounts due on 31 December and subsequently received.

Provision is made for premiums received, but not earned at the balance sheet date.

All premiums arise in the United Kingdom and Ireland.

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 2017. 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 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.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

g) Expenditure

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

Claims Incurred

Claims incurred represent benefits payable to policyholders for the year, and include a provision for claims in respect of the year to 31 December settled after that date.

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 neither 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.

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.

i) 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.

j) Operating Leases

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

k) 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.

l) Translation of Foreign Currency

Transactions in foreign currencies are converted monthly at the average monthly 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.

m) Grants

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

n) Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like debtors arising out of direct insurance operations, trade payables, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

o) Provisions

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Company. The estimate cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

p) Significant judgements and estimates

The group requires management to make significant judgements and estimates in the preparation of the financial statements. The items in the financial statements where these judgements and estimates have been made include the translation of foreign currency into the reporting currency and the technical provisions. The most significant judgement and estimate in the accounts is the technical provisions, as it can take up to six months after the year end before establishing the ultimate cost of claims incurred and premiums paid but not yet reported to the Company and the final outcome could be better or worse than the provisions. We use a calculations based on claims and premium trends from the previous two years to estimate to provisions required at the year end.

2. INVESTMENT INCOME

	2018	2017
	£	£
Income from other financial investments	696,586	538,535
Interest receivable	41,999	43,223
	<u>738,585</u>	<u>581,758</u>

3. NET INCOME FOR THE YEAR

	2018	2017
	£	£
The net income for the year is stated after charging:		
Depreciation	339,552	308,131
Auditors remuneration:		
Audit of the charity	10,800	6,960
Audit of the subsidiaries	31,830	33,000
Operating leases	133,288	127,822
	<u>515,470</u>	<u>485,913</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

4. ANALYSIS OF TOTAL RESOURCES EXPENDED	Direct costs £	Grant funding £	Support costs £	2018 Total £
Raising funds				
Charity	106,078	-	-	106,078
Subsidiaries	21,284,023	-	7,505,922	28,789,945
Charitable activities	-	1,277,860	56,306	1,334,166
Group Total	<u>21,390,101</u>	<u>1,277,860</u>	<u>7,562,228</u>	<u>30,230,189</u>

All grants in the year were funded from the expendable endowment.

	Direct costs £	Grant funding £	Support costs £	2017 Total £
Raising funds				
Charity	97,515	-	-	97,515
Subsidiaries	20,603,582	-	7,031,677	27,635,259
Charitable activities	-	1,092,857	(10,845)	1,082,012
Group Total	<u>20,701,097</u>	<u>1,092,857</u>	<u>7,020,832</u>	<u>28,814,786</u>

All grants in the year were funded from the expendable endowment.

5. STAFF COSTS

Charity

The charity employs no staff, all staff are employed by the trading subsidiary – HSF health plan Limited.

Trading subsidiary – HSF health plan Limited

	2018 £	2017 £
Wages and salaries	2,923,009	2,707,978
Social security costs	355,693	313,498
Pension costs	455,995	441,513
	<u>3,734,697</u>	<u>3,462,989</u>

The average number of full time equivalent employees in the year was:

Sales	20	20
Administration	56	55
	<u>76</u>	<u>75</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

5. STAFF COSTS (continued)

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

£60,001 - £70,000	7	5
£70,001 - £80,000	-	1
£80,001 - £90,000	2	3
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£160,001 - £170,000	-	-
£170,001 - £180,000	1	1
£210,001 - £220,000	1	-

Contributions totalling £185,285 (2017: £140,644) were made to group personal pension plans in respect of the 12 (2017: 11) employees above.

None of the trustees were remunerated during the year for their services as trustees of the parent Charitable Company. Expenses totalling £12,572 (2017: £3,488) were reimbursed to five trustees (2017: six) of the parent Charitable Company.

As the charity does not employ any staff it has no key management personnel costs. Key management personnel within its trading subsidiary HSF health plan Limited are the Executive Directors and Head of Departments and total salary and benefits provided total £829,247 (2017: £715,153) Due to a restructure more people are considered to be key management personnel and included in this figure.

There were redundancy/termination payments in the year totalling £25,000 (2017: £6,939).

Five Trustees received remuneration during the year for performance of their duties as Directors of the trading subsidiary. In accordance with the Charity Commission advice the two Trustees who are not remunerated, form the Remuneration Committee:

	2018 £	2017 £
Mrs J L Dalton	6,214	6,183
Mr M Davies	8,800	8,756
Mr J Greenwood	6,202	6,171
Mr J Randel	14,474	14,401
Mr D Thomas	6,971	6,696
Total remuneration	42,661	42,207

THE HOSPITAL SATURDAY FUND**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2018****6. 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:

PROFIT AND LOSS ACCOUNT	2018	2017
	£	£
Premium income	30,770,984	30,232,484
Claims paid and reinsurance	(22,438,415)	(21,808,584)
	<u>8,332,569</u>	<u>8,423,900</u>
Profit before taxation	<u>1,588,233</u>	<u>4,171,223</u>
Profit for the year after taxation	<u>1,637,873</u>	<u>4,165,923</u>
BALANCE SHEET		
Fixed assets	17,819,221	18,811,391
Net current assets	479,995	1,224,546
Deferred tax	(127,276)	(176,916)
NET ASSETS	<u>18,171,940</u>	<u>19,859,021</u>
FUNDS		
General reserve	<u>18,171,940</u>	<u>19,859,021</u>
	<u>18,170,940</u>	<u>19,859,021</u>

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	2018	2017
	£	£
Premium income	47,702	34,670
Helplines and counselling	(16,198)	(12,275)
Other admin costs inc gift aid donation	(9,874)	(11,512)
Profit for the year after taxation	<u>21,630</u>	<u>10,883</u>
BALANCE SHEET		
Net current assets	<u>21,631</u>	<u>10,884</u>
NET ASSETS	<u>21,631</u>	<u>10,884</u>
CAPITAL AND RESERVES		
Share capital	1	1
Profit and loss account	<u>21,630</u>	<u>10,883</u>
	<u>21,631</u>	<u>10,884</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

7. GRANTS	Grants to Institutions £	Grants to Individuals £	2018 Total £
During the year the following grants were made:			
Medical charities	1,015,793	-	1,015,793
Hospitals and hospices	160,628	-	160,628
Welfare grants to individuals	-	61,694	61,694
Donations other	49,697	-	49,697
	<u>1,226,118</u>	<u>61,694</u>	<u>1,287,812</u>
	Grants to Institutions £	Grants to Individuals £	2017 Total £
During 2017 the following grants were made:			
Medical charities	848,688	-	848,688
Hospitals and hospices	86,133	-	86,133
Welfare grants to individuals	-	55,847	55,847
Donations other	102,195	-	102,195
	<u>1,037,016</u>	<u>55,847</u>	<u>1,092,863</u>

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

8. TANGIBLE FIXED ASSETS	Charity		Group Furniture Fixtures and Fittings		
COST OR VALUATION	Computer Equipment £	Total £	Freehold property £	£	Total £
At 1 January 2018	12,000	12,000	2,500,000	1,422,866	3,922,866
Additions in year	-	-	-	115,683	115,683
Disposals in the year	-	-	-	-	-
At 31 December 2018	<u>12,000</u>	<u>12,000</u>	<u>2,500,000</u>	<u>1,538,549</u>	<u>4,038,549</u>
DEPRECIATION					
At 1 January 2018	8,625	8,625	-	851,997	851,997
Charge for year	3,375	3,375	50,000	289,552	339,552
Disposals in the year	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 December 2018	<u>12,000</u>	<u>12,000</u>	<u>50,000</u>	<u>1,141,549</u>	<u>1,191,549</u>
NET BOOK VALUE					
At 31 December 2018	<u>-</u>	<u>-</u>	<u>2,450,000</u>	<u>397,000</u>	<u>2,847,000</u>
At 31 December 2017	<u>3,375</u>	<u>3,375</u>	<u>2,500,000</u>	<u>570,869</u>	<u>3,070,869</u>

The Company owns a freehold property at 24 Upper Ground, London SE1 9PD which is used for the Company's own activities. On 23 February 2018, a full valuation was performed and the property was valued at £2,500,000 on an open market basis by Dunsin Surveyors, Chartered Surveyors. The carrying value of the property as at 31 December 2018 if it were carried under the cost method is £493,500. At the date of the revaluation the directors believed the property had a useful economic life of at least 50 years. The Directors of the Company have considered the value of the property at 31 December 2018 and do not consider there to be any material change in value.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

9. INVESTMENTS	2018		2017	
	Group £	Charity £	Group £	Charity £
Market value at 1 January 2018	23,876,389	23,996,980	23,686,010	23,295,313
Additions	15,251,536	12,130,534	4,366,453	1,353,941
Disposals	(12,704,286)	(9,638,770)	(5,560,593)	(1,302,824)
Unrealised gains	(1,554,680)	(727,518)	1,384,519	650,550
Market value at 31 December 2018	<u>24,868,959</u>	<u>25,761,226</u>	<u>23,876,389</u>	<u>23,996,980</u>
Historical cost at 31 December 2018	<u>23,980,238</u>	<u>26,288,817</u>	<u>20,558,390</u>	<u>21,932,697</u>
At market value				
United Kingdom investments	8,837,881	4,281,401	8,263,571	3,439,088
Overseas investments	8,482,954	3,535,622	7,931,732	2,720,946
Bonds	4,383,757	1,288,053	4,301,973	1,062,824
Other	3,164,367	791,662	3,379,113	909,634
Investment in HSF health plan Limited	-	15,864,488	-	15,864,488
	<u>24,868,959</u>	<u>25,761,226</u>	<u>23,876,389</u>	<u>23,996,980</u>

The investment in HSF health plan Limited represents the reserves of HSF health plan Limited at the point at which the ownership was donated to The Hospital Saturday Fund.

10. DEBTORS	2018		2017	
	Group £	Charity £	Group £	Charity £
Insurance operation debtors	1,724,149	-	2,108,024	-
Other debtors	622,648	1,157	846,083	1,337
Prepayments and accrued income	167,795	5,373	284,864	7,010
	<u>2,514,592</u>	<u>6,530</u>	<u>3,238,971</u>	<u>8,347</u>

11. CREDITORS: amounts falling due within one year	2018		2017	
	Group £	Charity £	Group £	Charity £
Insurance operations creditors	3,425,243	-	3,395,584	-
Other creditors including taxes and social security	822,832	20,518	879,457	11,081
	<u>4,248,075</u>	<u>20,518</u>	<u>4,275,041</u>	<u>11,081</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

12. PROVISION FOR DEFERRED TAXATION	Liability on Property revaluation	Liability on Investment gains £	Fixed asset - timing differences £	Total £
At 1 January 2018	(145,910)	-	(31,006)	(176,916)
Profit and loss account	-	-	49,640	49,640
At 31 December 2018	(145,910)	-	18,634	(127,276)

13. MOVEMENT ON FUNDS	At 1 January 2018 £	Movement in funds		Gains on Investments/ Property £	Transfers £	Balance at 31 December 2018 £
Unrestricted funds		Incoming resources £	Resources expended £			
General funds	469,731	230,630	(1,356,430)	-	1,287,812	631,743
Trading funds	19,869,903	31,327,650	(28,789,945)	(877,114)	(3,335,837)	18,194,657
	20,339,634	31,558,280	(30,146,375)	(877,114)	(2,048,025)	18,826,400
Expendable Endowment	11,190,562	-	(83,814)	(568,934)	2,048,025	12,585,839
Total funds	31,530,196	31,558,280	(30,230,189)	(1,446,048)	-	31,412,239

Unrestricted funds	At 1 January 2017 £	Movement in funds		Gains on Investments/ Property £	Transfers £	Balance at 31 December 2017 £
		Incoming resources £	Resources expended £			
General funds	308,242	168,203	(1,099,571)	-	1,092,857	469,731
Trading funds	18,260,395	30,682,001	(27,635,259)	1,234,148	(2,671,382)	19,869,903
	18,568,637	30,850,204	(28,734,830)	1,234,148	(1,578,525)	20,339,634
Expendable Endowment	8,979,536	-	(79,956)	712,457	1,578,525	11,190,562
Total funds	27,548,173	30,850,204	(28,714,786)	1,946,605	-	31,530,196

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 and the drawdown of expendable endowment to fund grants awarded in the year.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

14. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Total Funds £	Unrestricted funds		Expendable Endowment £
		General Fund £	Trading Fund £	
Fund balances at 31 December 2018 are represented by				
Tangible fixed assets	2,847,000	-	2,847,000	-
Investments	24,868,959	-	14,972,221	9,896,738
Cash at bank and in hand	5,557,039	-	2,221,269	3,335,770
Net assets	(1,733,483)	621,791	(1,718,557)	(636,717)
Deferred tax	(127,276)	-	(127,276)	-
Total Net Assets	<u>31,412,239</u>	<u>621,791</u>	<u>18,194,657</u>	<u>12,595,791</u>

	Total Funds £	Unrestricted funds		Expendable Endowment £
		General Fund £	Trading Fund £	
Fund balances at 31 December 2017 are represented by				
Tangible fixed assets	3,070,869	3,375	3,067,494	-
Investments	23,876,388	-	15,743,896	8,132,492
Cash at bank and in hand	5,795,924	-	2,268,764	3,527,160
Net assets	(1,036,069)	466,356	(1,033,335)	(469,090)
Deferred tax	(176,916)	-	(176,916)	-
Total Net Assets	<u>31,530,196</u>	<u>469,731</u>	<u>19,869,903</u>	<u>11,190,562</u>

15. PENSION COSTS

The trading subsidiary, as the employer in the group, makes contributions to group personal pension plans. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable for the year by the trading subsidiary to the personal pension plans and amounted to £455,995 (2017: £441,513).

At the balance sheet date, there were outstanding contributions of £31,143 (2017: £29,887)

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

16. OPERATING LEASE COMMITMENTS

At 31 December 2018, the Group had annual commitments under operating leases which expire as follows:

	2018		2017	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	21,566	70,152	21,566	96,879
In the second to fifth years inclusive	25,160	20,418	46,726	59,726
	<u>46,726</u>	<u>90,570</u>	<u>68,292</u>	<u>156,605</u>

17. CONTINGENT 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 £303,273 (2017: £303,169).

18. FINANCIAL INSTRUMENTS

	2018		2017	
	Group £	Charity £	Group £	Charity £
Financial assets measured at fair value through profit or loss	<u>24,868,959</u>	<u>25,761,226</u>	<u>23,876,389</u>	<u>24,996,980</u>
Financial assets measured at amortised cost	<u>2,346,797</u>	<u>1,157</u>	<u>2,954,105</u>	<u>1,337</u>
Financial liabilities measured at amortised cost	<u>4,248,075</u>	<u>20,518</u>	<u>4,275,041</u>	<u>11,081</u>

Financial assets measured at fair value through profit or loss comprise investments.

Financial assets measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise technical provisions and other creditors.

19. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS

Market Risk

Key Risks

The key drivers of the charge are spread and equity risks. HSF health plan's asset portfolio contains a relatively conservative mix of bonds and equities.

Controls

To minimise risk and secure long term growth and inflation protection a diversified spread of assets in the form of property, equities, fixed interest securities, pooled funds and bank deposits are held currently using two fund

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

19. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS (continued)

managers, three banks, and HSF itself. No derivatives, options, or stock loans are underwritten or directly held, although some pooled/hedge funds will have some exposure

Risk Appetite

HSF health plan's appetite for market risk is relatively medium to low. The tolerance limits for Market Risk are detailed in HSF health plan's Risk Appetite document. As at the date of this report, there are no known breaches of market risk tolerances and the business is expected to remain within appetite over the life of the business plan.

Underwriting Risk

Key Risks

- Unexpected increase in claims frequency or deterioration in reserves
- Inadequate identification of current and emerging underwriting risks
- Sustained soft market resulting in falling premium rates resulting in inadequate volume of business to support operations

Controls

The short tailed nature of its liabilities offer a predictable and stable book of reserves which render a risk profile commensurate with its risk appetite.

The main driver of HSF health plan's Underwriting risk is the exposure to catastrophe risk. HSF health plan has robust underwriting controls to mitigate its exposure under catastrophe risk and align it to its risk appetite and strategic business plan.

Risk Appetite

As at the date of this report, there are no known breaches of underwriting risk tolerances and the business is expected to remain within appetite over the life of the business plan.

Counterparty Default Risk

Risk Capital

HSF health plan's Counterparty Default Risk (CDR) draws a capital charge of just under £0.5m, which equates to approximately 25% of its undiversified capital charge.

Key Risks

The main driver of the CDR is HSF health plan's cash at HSBC and Ulster Bank, which is unrated.

Controls

- Monthly reviews of broker balances
- Semi-annual asset allocation review

Risk Appetite

HSF health plan's tolerance thresholds for CDR is documented in greater detail in its Risk Appetite document. As at the date of this report, there are no known breaches of CDR risk tolerances and the business is expected to remain within appetite over the life of the business plan.

Operational Risk

HSF health plan's policy is to maintain an acceptable balance between the risk of operational failures, and the need to operate efficiently and prudently to ensure that contributions represent good value for money to policyholders. Appropriate precautions are taken to manage/control risk here, and compliance/internal/business audits will be undertaken from time to time on material activities and areas of potential concern. This is deemed to be adequate given the nature, scale and complexity of HSF health plan's business.

Sensitivity

Assumptions and sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables, which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

19. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS (continued)

numbers and expected loss ratios. The key methods used by the Company for estimating liabilities are expected loss ratio and benchmarking.

HSF health plan's management has considered a number of stress and scenario tests designed to provide a reasonableness check of the core-modelled results and more generally, the Risk Management Framework.

A key test was performed to determine whether losses resulting from any of the extreme events scenarios (assumed to be equal to or greater than 1 in 200 year events) would require capital holding in excess of the Solvency II Standard Formula model output; and hence whether HSF health plan would need to either increase its capital buffer or alter its modelling methodology and assumptions.

These tests are intended to be pragmatic illustrations of the major impact of an extreme adverse event or events rather than an attempt to model every possible consequence.

The conclusion from these tests was that HSF health plan currently holds adequate capital to absorb the shock from various extreme natural catastrophic events, which it is exposed to on a net basis from writing health insurance. In all the scenarios tested (which can be deemed to be extreme and fall under Reverse stress tests), HSF health plan remains solvent and fulfils obligations to its policyholders. However, if such events did occur HSF health plan would need to raise further capital, introduce reinsurance, or reduce operations.

Insurance Risk

HSF's policy is to offer no insurance policy or renewal options beyond a month or two, and to manage the benefit/contributions levels to achieve over the long term a small surplus of contributions over claims and business costs.

Concentration

The Company writes non-life insurance on a monthly renewable base. The Company's primary insurance risk exposure is pandemic risk from wide spread diseases. The concentration of non-life insurance by type of contract is summarised below by reference to liabilities:

	Gross claims	
	2018	2017
	£	£
Direct Insurance	21,349,224	20,604,373
	<u>21,349,224</u>	<u>20,604,373</u>
	<u><u>21,349,224</u></u>	<u><u>20,604,373</u></u>

20. FINANCIAL RISK MANAGEMENT

Liquidity Risk – HSF health plan Limited only

The objective of the Company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through operating cash flows.

The following table shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance and participating investment contract liabilities. Unearned premiums are excluded from this analysis. This table includes both interest and principal cash flows.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

20. FINANCIAL RISK MANAGEMENT (continued)

	Less than 1 month 2018	1-3 months 2018	3 months to 1 year 2018	1-5 years 2018	5+ years 2018	Total 2018
	£	£	£	£	£	£
Trade and other liabilities	-	-	785,869	-	-	785,869
Outstanding claims	998,996	801,316	626,239	-	-	2,426,551
	<u>998,996</u>	<u>801,316</u>	<u>1,412,108</u>	<u>-</u>	<u>-</u>	<u>3,212,420</u>

Credit Risk – HSF health plan Limited only

The objective of the Company is managing its credit risk exposure is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage credit risk and methods to measure it.

The following table shows the carrying value of assets that are neither past due or impaired and the ageing of assets that are past due but not impaired. No assets have been impaired.

	Neither past due nor impaired	Past due less than 30 Days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 90 days
	£	£	£	£	£
Insurance receivables	-	1,453,285	270,864	-	-
	<u>-</u>	<u>1,453,285</u>	<u>270,864</u>	<u>-</u>	<u>-</u>

Market Risk – HSF health plan Limited only

The Company is exposed to price risk arising from fluctuations in the value of financial instruments because of changes in market prices and the risks inherent in all investments. The Company has no significant concentration of price risk. The Company maintaining an appropriate mix of investment instruments to manage the risk.

The Company's sensitivity to a 0.5% increase and decrease in market prices is as follows:

	2018 £	2017 £
0.5% increase		
Movement in bonds	15,479	16,196
Movement in equities	47,519	50,176
	<u></u>	<u></u>
0.5% decrease		
Movement in bonds	(15,479)	(16,196)
Movement in equities	(47,519)	(50,176)
	<u></u>	<u></u>

The Company's method for sensitivity to interest rate fluctuations has not changed significantly over the year.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

20. FINANCIAL RISK MANAGEMENT (continued)

Fair Value

i. Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in FRS 102 para 34.22, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair value measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair value measured using valuation techniques in which any significant input is not based on observable market data

	Level 1	Level 2	Level 3	The Company
	£	£	£	Total
				£
Available-for-sale equity securities	24,868,959	-	-	24,868,959

The carrying amounts of the financial instruments carried at cost or amortised cost approximate to their fair value mainly because of the short maturity of those instruments.