

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022



Paul Jackson, Group CEO, HSF, Don O'Leary, Director, Cork Life Centre, Rachel Lucy, Deputy Director, Cork Life Centre, Dee Wright, Charity & Events Manager, HSF, Ana Vega, EA to Group CEO, HSF and Donna Potter, Head of Human Resources, HSF, visiting the sensory space at the Centre which we helped to fund. A plaque is on display to show their appreciation.

UK Registered Company Number: 6039284
UK Registered Charity Number: 1123381
Ireland Registered Charity Number: 20104528

THE HOSPITAL SATURDAY FUND
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

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THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2022

OFFICERS AND ADVISERS

<i>Chair</i>	Mr J Greenwood
<i>Vice Chair</i>	Mrs J L Dalton LLB (Hons) (from 17 th March 2022)
<i>Other Trustees</i>	Mr M Davies Mr D.Fox (from 15 th March 2022) Mr C Healy (from 15 th March 2022) Mr J Randel Mrs M Rogers Mr D Thomas (Vice Chair until 17 th November 2022)
<i>Group Chief Executive</i>	Mr P W Jackson MSc BA (Hons) DChA
<i>Company Secretary</i>	Mrs Pauline Jones CertPFS
<i>Patron</i>	Ms L Garrett CBE FRAM
<i>Principal Bankers</i>	HSBC Bank Plc, London Commercial Banking Centre, Level 6, 71 Queen Victoria Street, London, WC2R 1DJ
<i>Solicitors</i>	Armstrong Teasdale 38-43 Lincoln's Inn Fields, London, WC2A 3PA
<i>Independent Auditors</i>	MHA MacIntyre Hudson 6 th Floor, 2 London Wall Place London EC2Y 5AU
<i>Investment Managers</i>	UBS AG 5 Broadgate London EC2M 2AN Abrdn Capital Limited Bow Bells House 1 Bread Street London EC4M 9HH
<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 2022

The Board of Trustees is pleased to present the 15th 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 2022.

STRATEGIC REPORT

Summary

The Hospital Saturday Fund has been helping people in times of illness or medical need since 15 June 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 to 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. The Hospital Saturday Fund is also the parent of three trading subsidiaries The HSF health plan Ltd, HSF health plan Malta Ltd & HSF Assist Ltd which generate the income from their trading activity to fund the grant-making. HSF health plan Ltd is a company limited by guarantee which provides a range of health cash plan schemes throughout the United Kingdom and the Republic of Ireland. HSF health plan Malta markets health cash plan schemes in Malta. HSF Assist Ltd provides an employee support telephone service to corporate clients.

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, the Isle of Man and Malta."

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

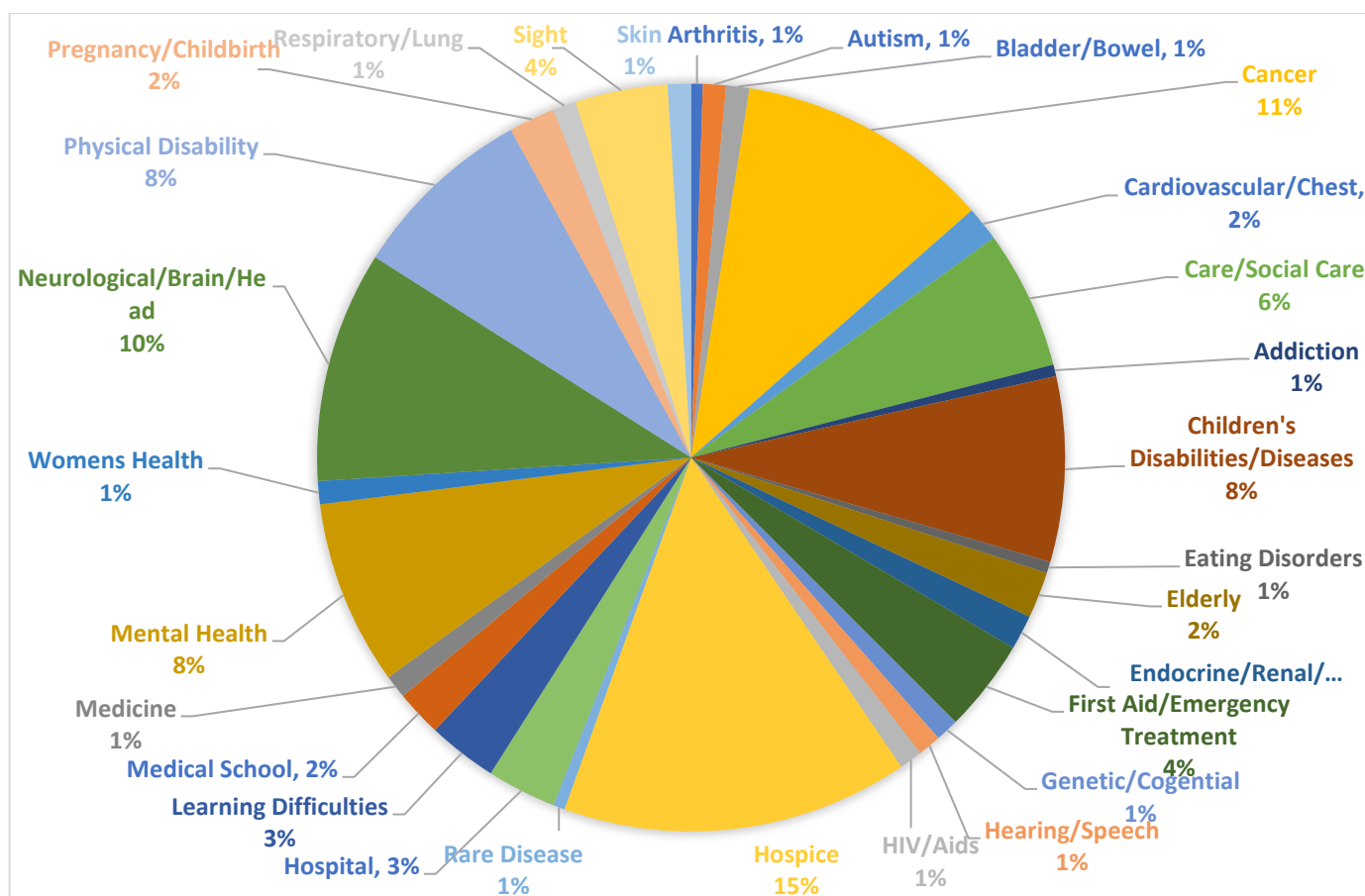
During 2022, HSF processed 571 applications on behalf of individuals and, after careful assessment by the Grant Making Committee, 445 were awarded a grant making a total of £343,953 (2021: £123,968) for the year. A further total of £1,758,170 (2021: £1,687,382) was awarded to 568 medical charities, hospices 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.

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 17th November 2022 in the Aula Maxima, Cork, hosted by University College Cork, Ireland. A total of €122,000 was donated on that evening to 26 charities based in Munster. Councillor Damien Boylan, Deputy Lord Mayor of Cork attended the reception and presented the grants. It was a very special evening for the Trustees and Charity as it was the first event of this kind, we have held in over two years due to the recent pandemic.

The following pie chart shows grants awarded by type of charity for the year ended 31 December 2022



The vast majority of grants awarded were for £2,000 (or €3,000), with 34 lesser donations being made. During 2022, 77 higher grants ranging between £2,000 and £10,000 (or €3,000 and €13,500) 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.

Further details of the grants given can be found in Note 8 of the accounts on page 33.

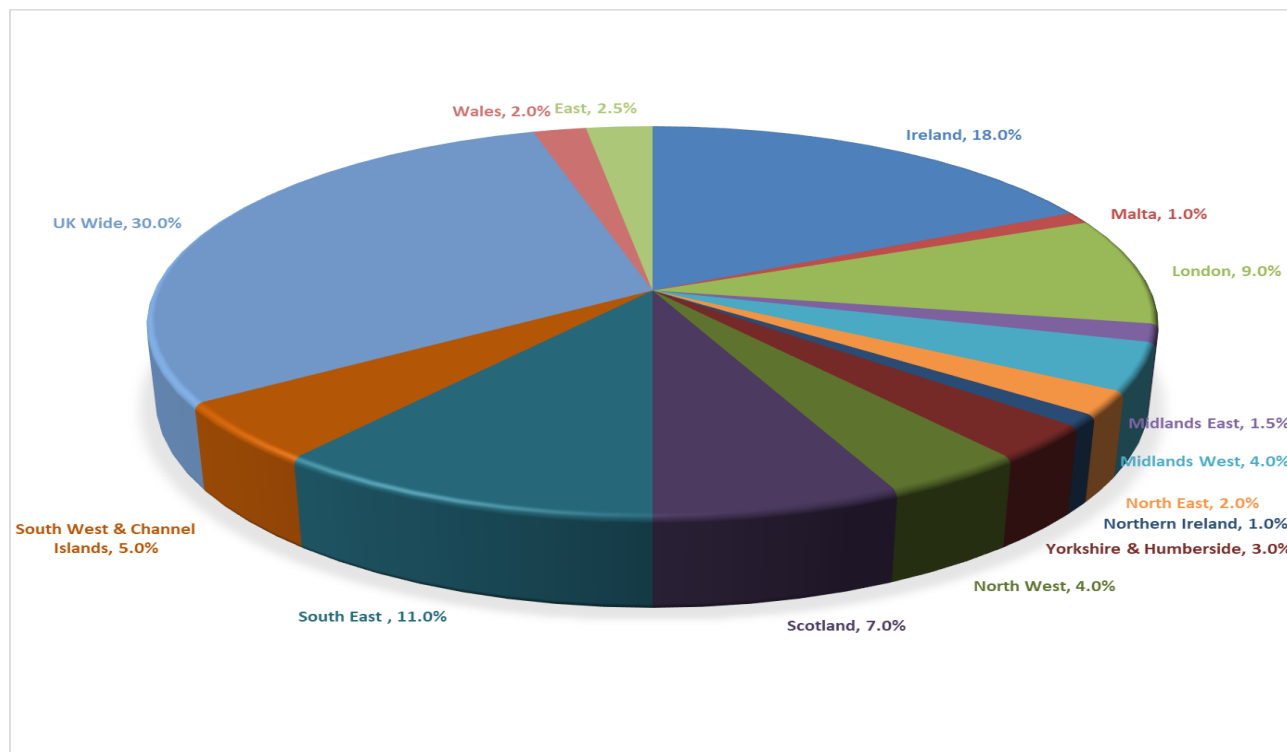
THE HOSPITAL SATURDAY FUND
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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2022

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 2022.



Organisations receiving grants ranged from Katie Piper Foundation, Chelsea Football Foundation, Heart of Kent Hospice, Irish Association for Palliative Care, Welsh Air Ambulance Charitable Trust, Epilepsy Scotland, Galway Mountain Rescue Team, Northern Ireland Hospice, FitzRoy, Focus Birmingham, Irish Red Cross, Scuba Trust, Scottish Huntington's Association, Severn Hospice, Royal Marsden Cancer Charity, Zoe's Place Baby Hospice, Angel Eyes NI, Action Medical Research, Children's Trust, Coping with Cancer North East, Prevent Breast Cancer, Polio Survivors Ireland, St Mark's Hospital Foundation, Down's Syndrome Scotland, Tommy's, Martha Trust, Muscular Dystrophy UK.

Grants to hospitals were for specific projects, equipment or designated charitable funds.

Fund Raising

The Group does not fundraise externally or use any professional fundraiser or any commercial participator in raising its 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. In fact, the Trustees commissioned an independent review of the Charity's grant making process. The review was carried out by a MSc Student from Centre for Charity Effectiveness, Bayes Business School, City University of London. The review was extremely positive, and the Trustees discussed the report's recommendations at their Board meeting on 21 March 2023. This review forms part of a series of reviews which have been carried out over the past few years on this area.

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2022

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

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 2022 refer to:

- A grant for their medical elective programme (University of Exeter)
- To help fund research into the spread of pancreatic cancer (Worldwide Cancer Research)
- To provide free Dog Therapy in hospitals and healthcare settings (Pets As Therapy)
- Funding to help the Ukraine Crisis for UK based refugees towards their health & wellbeing (British Red Cross)
- A grant towards syringe drivers to relieve pain for palliative patients (Willowbrook Hospice)
- To fund a Tovertafel Magic Table to assist rehabilitation (Acquired Brain Injury Ireland)
- To help fund nebulisers allowing terminally ill patients discharge from hospital (Asthma Relief)
- To raise awareness and care for thyroid disorders (British Thyroid Foundation)
- Funding towards defibrillators for babies with complex heart conditions (Young at Heart)
- To help fund new shower trolleys to support accessibility (L'Arche Dublin)
- A grant towards improving life after brain injury programme (Headway Hertfordshire)
- To help fund specialist chairs at neonatal unit (Ickle Pickles Children's Charity)
- A grant for sensory equipment at a children's respite home (Diverse Abilities)
- Funding towards manikins to provide training for the crew (North West Air Ambulance)
- A grant towards first aid bags for volunteer caregivers (Community Cancer Caregivers)
- To help fund new equipment in the physiotherapy centre (Freddie Frammer Foundation)
- A grant towards the sleep apnoea screening programme (Hope2Sleep)
- To provide vital services to pregnant women at a time when they most need it (Doctors of the World UK)
- A grant towards grid pad and eye gaze devices to improve their ability to communicate (Focus Birmingham)
- To help fund research into rare gynaecological cancers. (Eve Appeal)

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 Teenage Cancer Trust

Thank you once again to The Hospital Saturday Fund Charity Trust for your support. We will keep you updated about the difference your donation has made to young people in the region. "The support I received has completely changed my journey and Teenage Cancer Trust are a large part of why I am still around today." **Young person**

Grant to Depaul

Your kindness will strengthen the chain of survival for up to 6,230 vulnerable people across Depaul's homeless services in Dublin over the lifetime of this grant, what a wonderful thing to do. Thank you again.

Grant to Antibiotic Research UK

Antibiotic Research UK focuses on tackling antibiotic resistant infections through scientific research, public engagement, and patient support. Our work is vital for the health of us all, but particularly future generations, nationally and internationally. We would like to thank you for joining us in fighting antibiotic resistance and helping those whose lives are blighted by it. Your generous support is very important to us.

Grant to the Breast Cancer Now

We are delighted that the Hospital Saturday Fund has chosen to support Dr Jason Carroll's research at the University of Cambridge with a grant. This kind donation towards Dr Carroll's ground-breaking work could help find new ways to prevent and treat incurable secondary breast cancer, taking us a step closer to the day when no one dies from this devastating disease.

Grant to Lennox Children's Cancer Fund

On behalf of all the children and families supported by the Lennox Children's Cancer Fund, I would like to say a huge thank you to you and your fellow trustees at Hospital Saturday Fund Trust for the generous grant in January. The devastation that a cancer diagnosis brings to the whole family is unthinkable until you are faced with it, to add COVID and ongoing restrictions to this made everything even more distressing for the children and families we support. Thanks to your grant we were able to offer emotional and practical support to the following amount of families when they needed it most.

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2022

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Grant to the Spinal Injuries Association (SIA)

Spinal cord injury is a life changing event. At least 3 people a day become paralysed due to spinal cord injury and often have nowhere to turn. Your donation will help ensure everyone touched by spinal cord injury receives the support they need to rebuild their lives.

Grant to Children in Hospital Ireland

This project will provide such a valuable opportunity for the parents who we are in contact with to build their networks of support and give them some skills for resilience and coping. We look forward to developing the project and we will be in contact with you again with further updates.

Grant to ARC Cancer Support Centres

We are extremely grateful for this generous amount towards our third ARC Centre in Herbert Avenue where we continue to provide our services completely free of charge to men, women & children affected by cancer and those who care for them, through a warm, welcoming and client centre approach and to ensure that everyone in Ireland is aware of, and able to access these services.

Grant to Martha Trust

Thank you to the Trustees of The Hospital Saturday Fund for supporting our Person Centred Software (PCS) appeal this year, we continue to see huge benefits from the use of the PCS, for our teams at Martha, residents and their families. PCS came into its own during the pandemic giving the relatives of our residents the opportunity to have electronic access to information about the daily care of their loved ones, including records of care, photos and reports. The feedback from the relatives has been so positive. They feel that they are involved in their loved ones lives and demonstrates Martha's transparency and open approach to care. The PCS system is an integral part of our monitoring systems at Martha, providing detailed clinical evidence, detailed recording of accurate and timely care and a variety of valuable reports which are used to identify issues and trends, enhancing clinical care for residents.

Grant to Nurse Lifeline

"Hello, I just wanted to email with feedback after using the Nurse Life Line service. I am a nurse who has currently been off work due to mental health. I found this help line by far the most helpful for me since I was off. To be able to speak freely about my experiences with someone who understands a lot of the language and situations meant so much to me. I just wanted to say a big thank you for this service and I will definitely be using this in future".

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

Grant for all terrain wheelchair

I've had to email I'm sat here on Carbis Bay with a massive lump in my throat. I'm not just saying this, but this chair has literally saved me and my husband so much stress, not to mention pain in our backs, and the best bit Cameron is absolutely chuffed to pieces he's been buzzing up and down the beach loving life. Before this chair I cannot tell you how much we had to cope with carrying all stuff not to mention getting stuck with the old chair and embarrassed about people helping us off the beach. It got to the point where Cameron couldn't enjoy himself, please please please again thank all involved its seriously a life changer for us.

Individual Grant Recipient

Grant for a adjustable spinal bed

A huge thank you to the panel who granted the money towards the cost of the bed. Ken & myself are very grateful for the help. The bed is an enormous benefit to him & the carers since it's installation. Secondly I would like to thank you for your prompt correspondence & kind words towards the dilemma we were in when trying to raise the funding.

Individual Grant Recipient

Grant for a specialist wheelchair

The family are absolutely delighted and want to pass their thanks on to you. Your support comes at a difficult time and it means even more to us that you have chosen to support The Meath during one of the most challenging times in living memory. Thank you.

The Meath Epilepsy Charity

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2022

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Grant for powered wheelchair

You recently helped us fund a new powered wheelchair for my son. We finally took delivery of it last week. And it's fabulous! Thank you!!! TT is already venturing into places that he couldn't access in his old manual chair. We can now go whizzing up hills without any effort, something that's been impossible since he grew out of childhood. And without your generosity – and that of your funders – this wouldn't have happened. So a big thanks to you from Tom, his mum, and me!

Parent of Individual Grant Recipient

Grant for assistance dog training

I had what I thought was a painful spasm (a sensation typical of my pain condition) in my foot during an online psychotherapy consultation. I thought, 'wow, that was a bad one!' and continued the meeting. Camille (my assistance dog in training) started barking relentlessly, which I was frustrated about initially because she has been trained to be silent when I'm on my laptop. She persisted, so I looked down and realised that there was blood all over the floor. My foot had a very sizeable piece of glass in it (i.e. not a spasm at all!). Then I looked at Camille, and she had brought me the first aid box.

Individual Grant Recipient

Grant for mobility equipment

I just wanted to say with all our hearts, we can't thank you enough for supporting the project of getting our son back outdoors. Work has been completed to finish the garden and our son couldn't wait for the slabs to be put down and has been out as much as he can playing football on his Astro turf, football pitch, which is an absolute joy to see as he couldn't use the garden at all before. We are happy to answer any questions or for any home visits that you need to make to check the work. We couldn't have achieved this without your support, and I will be forever indebted to you all. We have had some much-needed family time together in the garden and are able to enjoy the safety and privacy of this in our home, which has been a big thing for Logan after such a difficult year.

Parent of Individual Grant Recipient



Irish Charities receiving grants at the Cork Reception, held at the Aula Maxima, University College Cork, €122,000 was donated that evening to 26 charities based in Munster. Councillor Damien Boylan, Deputy Lord Mayor of Cork attended the reception and presented the grants.

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

YEAR ENDED 31 DECEMBER 2022

FINANCIAL REVIEW

State of affairs

The Group Statement of Financial Activities for the year is set out on page 22 and shows net incoming resources before investment gains and losses for the year of £2,933,910, (2021: £377,452). Net movement in funds for the year amounted to losses of £2,056,074, after investment losses of £4,989,984 resulted in a net asset position as at 31 December 2022 of £45,643,764 (2021: £47,699,838). Of these funds, £24,539,265 (2021: £27,465,904) is represented by the net assets of the trading subsidiary.

The trading company HSF health plan Ltd's total profit for the year was £1,208,420 (2021: £4,566,773). Total premiums (less Insurance Premium Tax) for the year were £30,503,727. Benefits payable (including Personal Accident premiums and helplines) for the year were £21,527,577 and represented 70.6% of premium income. The Directors consider the overall state of affairs to be satisfactory.

The trading company HSF Assist Ltd's total profit for the year was £10,228 (2021: £27,204). Total income for the year was £37,250 (2021: £50,518). The Directors consider the overall state of affairs to be satisfactory.

For the charity alone, total income for the year amounted to £2,886,831 (2021: £6,326,837) including gift aid from the subsidiary companies of £4,211,504 (2021: £4,392,316). Grants totalling £2,161,478 (2021: £2,035,072) 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 £329,893 to £19,217,353

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' reserve policy is to maintain an expendable endowment at a level of no less than £5m and no greater than £22m, this is to ensure a prudent approach to the risks faced by the Charity and also to ensure the continued level of the Charity's grant-making. This approach has been put in place by the Trustees to avoid the situation where its annual grant-making is reduced or ceases, if the Charity fails to receive a Gift Aid donation from its Trading Subsidiary for a number of years. 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 received large gift aid donations in 2021 & 2022 for the profits made by the trading subsidiary HSF health plan Ltd in the trading years of 2020 & 2021, which was due to the exceptional circumstances that have resulted from the Covid-19 pandemic. However, given we are forecasting that the long-lasting effect of the pandemic and also now the effect of the current inflation situation will likely result in quite low gift-aid donations over the next three years, also as the two largest of the three trading subsidiaries have committed to upgrading its Policyholder Database to improve the level of service provided to their customers, the Trustees are not expecting a large increase in the grant making as a result of the 2021 gift aid. Therefore, this will be used to fund the next three years' grant making.

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 £1,886,977. Although this is a small increase in the level compared with last year of £1,346,304, 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. An external review had been carried out in 2019 by a City of London University student, who found our current Reserves Policy is fit for purpose. The policy is reviewed annually by the Board of Trustees to ensure its continuation or to review if there are any required changes to the policy or reserves held and this was approved at the November 2022 Board meeting.

The trading subsidiary HSF health plan Ltd holds reserves of £21,127,885 (2021: £24,103,765) and the trading subsidiary HSF health plan (Malta) Ltd holds reserves of £3,366,689 (2021: £3,547,541). The trading subsidiaries requires reserves of this level to meet its Solvency II requirements as an insurance provider.

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2022

Principal Risks and Risk Assessment

The Board of The Hospital Saturday Fund regularly assesses the risks to which the Charity is exposed. It agrees how best these risks may be mitigated and the Charity takes the appropriate action to manage these risks. The risks and associated mitigations are all recorded on the organisation's risk register.

The Charitable Company's principal risks are the inability of the investment portfolio to generate income, the failure of its Trading Subsidiary to generate sufficient profits, which support the Charity's annual grant-making and the withdrawal of the UK from the EU and the potential impact on the way the charity is able to operate in the Republic of Ireland. All of these principal risks along with others are monitored closely and where possible control and mitigating action plans are put in place and these are monitored quarterly by the Boards.

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, sales 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 Trading 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 Trading Company has 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 Trading 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), further information on some of these risks can be found in Note 21 and Note 22 of this document.

Solvency II

The Solvency II regime, which came into effect on 1 January 2016, has continued throughout 2022. 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 2022 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. On 25 November 2021 the Board appointed Abrdn Capital Limited as Investment Managers, who replaced UBS AG. Although Abrdn Capital Limited were appointed in November 2021 the transfer of investments didn't take place until after the year end, with this switch taking place in January 2022.

The Trustees approved a further investment in one of its trading subsidiaries, HSF Health Plan (Malta) Ltd in August 2022 to the value of £638,461 (€750,000). This was paid as a capital contribution to the trading subsidiary.

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 losses of £3,152,491 on the investments held. Both the Trading Company's & Charitable Company's Investment Policies are reviewed annually by the Charitable Company's Investment Committee.

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2022

Investments & Investment Policy (continued)

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 investment performance in the year outperformed the benchmark by 0.51% with the portfolio performance figure of -7.69% against a benchmark of -8.2%. The investment policy adopted by the Charitable Company is a long term policy which covers a 10 year time horizon but due to the investment policy switch to Abrdn which took place in January 2022 we are only able to measure the performance since the inception of the portfolio with Abrdn.

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. To further enhance the Charitable Company's ethical investment policy all holdings in the portfolio held with Abrdn are held in Socially Responsible and Sustainable Strategy. Since April 2018, the strategy invests in companies that are exhibiting a highly sustainable approach to their business looking at environmental, social and governance criteria. This investment strategy was introduced when working with UBS and has continued under Abrdn.

Remuneration policy

The Board of Trustees is satisfied that the Trading Subsidiary's staff salaries are benchmarked against market levels, using salary surveys and job comparison searches obtained from reputable recruitment agencies. The Trading Subsidiary's Human Resources Committee monitor and review on an annual basis.

Post Brexit – Third country branch

To maintain our long-standing provision of service in the Republic of Ireland (ROI), since 1949, the Board of Directors and Senior Leadership Team, in consultation with their advisors, liaised closely with the Central Bank of Ireland (CBI) to continue trading in ROI following the conclusion of the transition period on 31st January 2020. On the 4th of January 2021 the CBI issued the company with a letter and certificate of authorisation confirming the company's status in Ireland as a Branch in the state of a Third Country Insurance Undertaking. The company has operated under these new regulatory arrangements throughout 2022.

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 Mansion House in Dublin on 23 February 2023. Twenty-six charities were presented with grants on this occasion and the event was hosted by Caroline Conroy, the Lord Mayor of Dublin, Vice-President of The Hospital Saturday Fund.

In 2023, it is expected that grants awarded to medical charities, hospitals and hospices will be in the region of £2,250,000 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 Subsidiaries, HSF health plan Ltd, HSF Health Plan (Malta) Ltd and HSF Assist Ltd, 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 in the long-term resulting in a greater contribution to the work of the medical charity sector.

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

YEAR ENDED 31 DECEMBER 2022

Appointment, Induction 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.

On appointment, all new Trustees receive thorough induction and training, which includes receiving detailed information about the Charity via a Trustee Manual, including its Memorandum and Articles, latest accounts, latest financial reports and minutes of recent Trustees' meetings. In addition, new Trustees attend an induction process at head office, where they are briefed by the Chief Executive and key staff on all aspects of the Charity's operations, staffing and organisation management. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

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 meets every quarter and reports directly to the Board. In addition to the two Trustees elected as Chair, Mrs Margaret Rogers (until 17 November 2022) and Vice Chair, Mr Dominic Fox (from 15th March until 17 November 2022), the Committee includes appointed members Mrs Natalie Bennett, Mr Andrew Gilbert (from 15th March 2022), Mr Cal Healy (from 17 November 2022), Mr Paul Jackson, Mrs Pauline Jones, Mr Keith Lawrey, Mrs Carol Murphy, Mr Cathal Nolan, and Mr Glyn Tomlinson. Mr Fox was elected Chair and Mr Healy was elected Vice Chair of the Grant Making Committee on 17 November 2022.

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, e.g. 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
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2022

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). The Trustees have also applied the basis of preparation FRS102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and FRS103 Insurance Contracts. 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 adequate 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 21 March 2023

JOHN GREENWOOD
Chair

JANE DALTON
Vice-Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

For the purpose of this report, the terms “we” and “our” denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of The Hospital Saturday Fund. For the purposes of the table on page 16 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of The Hospital Saturday Fund and its subsidiaries (the “Group”). The “Parent Charitable Company” is defined as The Hospital Saturday Fund, as an individual entity. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

Opinion

We have audited the financial statements of The Hospital Saturday Fund for the year ended 31 December 2022.

The financial statements that we have audited comprise:

- the Consolidated Income Statement
- the Consolidated Statement of Financial Activities
- the Group and Charity Balance Sheets
- the Consolidated Statement of Cash Flows
- Notes 1 to 26 to the consolidated financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Charitable Company's financial statements 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 and Financial Reporting Standard 103 Insurance Contracts (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 2022 and the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit & Finance Committee.

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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Trustees' assessment of the Group's and the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group and the Parent Charitable Company's operations and specifically their business model for the provision of health cash plans and for the parent as a grant-making charity.
- The evaluation of how those risks might impact on the available financial resources.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Trustees when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of cash flow projections at Group and Parent Charitable Company level.
- Solvency considerations including review of insurance provisions as at the year-end.
- The consideration of the solvency position of subsidiary entities required for regulatory purposes.
- Viability assessments at Group and Parent Charitable Company levels, including consideration of reserve policies, budgets, forecasts and business plans.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Group, including the Parent Charitable Company, and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Trustees that may have represented a risk of material misstatement.		
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We, and our component auditors acting on specific group instructions, undertook full scope audits on the complete financial information of all 3 components.

Materiality	2022	2021	
Group	£1,369,300	£1,430,900	3% (2021: 3%) of net assets
Parent Charitable Company	£1,223,200	£1,177,800	3% (2021: 3%) of net assets

Key audit matters

Recurring	<ul style="list-style-type: none">• Fraud risk in Income recognition• Estimates of provisions for outstanding claims liabilities
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fraud risk in income recognition

Key audit matter description	Fraud risk in income recognition is a 'significant audit risk' unless otherwise rebutted. Income could be over or under stated as to mislead the performance of the group.
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How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> • Our procedures included assessing the design and implementation of key controls around the recording of premium income. • We performed key control testing on new joiners, ensuring that they are accurately and promptly entered into the policyholder system. • We performed substantive analytical review procedures reconciling expected premium income from the policyholder database to that which had been recorded in the financial statements to ensure that income was complete, together with tests of detail. • We reviewed other sources of income and agreed to supporting documentation where relevant, or else were able to rebut the presumption of significant fraud risk.
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Key observations communicated to the Group's Audit & Finance Committee	We found that the approach taken by management on the recognition of income (and premium income) to be materially complete and accurate. Our audit work did not identify any instances of fraud.
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Estimates of provision for outstanding claims liabilities

Key audit matter description	As described in accounting policy 1p, provisions are made at the year-end for the estimated costs of claims incurred, but not settled, at the balance sheet date, including the cost of claims incurred but not yet reported. As this assessment requires judgements, it is considered a key area of focus for the audit due to the material value of the provision.
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How the scope of our audit responded to the key audit matter	<ul style="list-style-type: none"> • Our procedures included an assessment of the methodologies used in order to calculate the claim provisions at the year end. • We tested this methodology by substantive analytical review which included the review of historic provision against actual results, review of any changes in methodology used in the current year as compared to previous years, the expected provision based on historical patterns, and the reasonableness of the methodology in light of other information available. • We considered where applicable alternative estimation approaches including using actuarial techniques in order to provide assurance over the potential for material misstatement. • The accounting policy was checked to the financial reporting standards where necessary and confirmed to be appropriate.
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Key observations communicated to the Group's Audit & Finance Committee	We concluded that the value of the provision for outstanding claims is within an acceptable level and has been recorded and classified appropriately, and is consistent with required financial reporting standard.
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Group was set at £1,369,300 (2021: £1,430,900) which was determined on the basis of 3% (2021: 3%) of the Group's net assets. Materiality in respect of the Parent Charitable Company was set at £1,223,200 (2021: £1,177,800), determined on the basis of 3% (2021: 3%) of the Parent Charitable Company's net assets. Net assets was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at £1,163,900 (2021: £1,216,200) and at £1,039,700 (2021: £1,001,100) for the Parent Charitable Company which represents 85% (2021: 85%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £66,400 (2021: £71,500) and £61,100 (2021: £58,800) in respect of the Group and Parent Charitable Company respectively to the Board of Trustees as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group and Parent Charitable Company audits

Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

The scope of our audit

In addition to the parent charitable company, the group consists of 3 reporting components.

- HSF health plan Limited
- HSF Assist Limited
- HSF health plan (Malta) Limited

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, of the 3 reporting components of the group, we identified all 3 components in the UK or Europe which represent the principal business units within the Group.

Full Scope audits: HSF health plan Limited and HSF Assist Limited were considered to be significant components of the Group. All significant group components were subjected to full scope audits for the purposes of our audit report on the group financial statements.

The group audit team performed the audit of all significant components of the group.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

Specified procedures: The audit work for one component (HSF health plan Malta Limited) was performed by the component auditors in Europe through a combination of group planning liaison with auditors in Malta, provision of group instructions, review and challenge of findings from their working papers and regular interaction on audit and accounting matters which arose. It is noted that the operations of this component are a relatively small aspect of the overall Group so was subject to a specific procedures engagement.

The control environment

We evaluated the design and implementation of those internal controls of the Group, including the Parent Charitable Company, which are relevant to our audit, such as those relating to the financial reporting cycle.

We deployed our internal IT audit specialists to obtain an understanding of the general IT environment.

Climate-related risks

In planning our audit and gaining an understanding of the Group and Parent Charitable Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation relating to management's assessment and held discussions with management to understand their process for identifying and assessing those risks.

We have agreed with managements' assessment that climate-related risks are not material to these financial statements, specifically with regards to the portfolio of investments held. Owing to the short tail nature of the insurance operations, there is not considered to be any impact of climate related risks as part of the liabilities.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Strategic report and Report of the Board of Trustees

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 includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the information given in the Report of the Board of Trustees, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Report of the Board of Trustees have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Report of the Board of Trustees.

Matters on which we are required to report by exception

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 returns adequate for our audit have not been received by branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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 Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 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 financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Group's, including the Parent Charitable Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Group
- We enquired about the existence of, and investigated the findings of, any communication with regulators that had occurred during the year.
- Legal and professional expenditures were reviewed for any instances of any legal or regulatory communication or payments which had not been disclosed.
- We enquired of the directors and management including the audit committee concerning the Group's and the Parent Charitable Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected insurance claim losses.
- The group engagement team shared this risk assessment with the component auditors of significant subsidiaries so that they could include appropriate audit procedures in response to such risks in their work.

Audit response to risks identified

In respect of the above procedures:

- We corroborated the results of our enquiries through our review of the minutes of the Group's and the Parent Charitable Company's Board of Trustees, and Audit & Finance committee meetings, inspection of legal and regulatory correspondence and correspondences from the regulators the PRA and the FCA;
- audit procedures performed by the engagement team in connection with the risks identified included:
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
 - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims.
 - challenging the assumptions and judgements made by management in its significant accounting estimates, and
 - obtaining confirmations from third parties to confirm existence of a sample of balances.
- the Group and the Parent Charitable Company operate in a highly regulated insurance industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and the component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

This report is made solely to the Parent Charitable 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 Parent Charitable 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 Parent Charitable Company and the Parent Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sudhir Singh FCA

(Senior Statutory Auditor)

for and on behalf of MHA MacIntyre Hudson, Statutory Auditor
London, United Kingdom

Date:

THE HOSPITAL SATURDAY FUND
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
TECHNICAL ACCOUNT GENERAL BUSINESS			
Earned premiums			
Gross premiums written	2	30,321,555	30,127,674
Change in the gross provision for unearned premiums		186,828	36,147
Gross premiums earned		30,508,383	30,163,821
Less: reinsurance premiums		-	(157,542)
Net premiums earned		30,508,383	30,006,279
Claims incurred			
Gross claims paid		(20,959,708)	(20,985,156)
Change in the gross provision for claims outstanding		16,065	(736,007)
		(20,943,643)	(21,721,163)
Net operating expenses			
		(6,996,587)	(6,352,039)
Balance on the technical account for general business			
		2,568,153	1,933,077
NON-TECHNICAL ACCOUNT			
Investment income			
Income from other financial investments	3	920,457	782,086
Interest receivable	3	7,762	37,879
Realised (losses) / gains - other financial investments	10	(488,675)	153,136
Unrealised gains - other financial investments	10	-	4,570,850
Investment expenses and charges		(267,646)	(264,936)
Unrealised (losses) – other financial investments	10	(4,501,309)	-
		(4,329,411)	5,279,015
Other income			
Coronavirus Job Retention Scheme grants	15	-	16,264
		-	16,264
Donations and legacies received		1,122	278
Net income from trading activities		295,473	281,475
Other charges – charitable activities		(1,930,724)	(2,447,730)
		(1,634,129)	(2,165,977)
Profit before tax			
		(3,395,387)	5,062,379
Taxation			
	14	1,371,766	(450,342)
Profit for the year after tax			
		(2,023,621)	4,612,037

The profit on ordinary activities before tax is wholly attributable to continuing activities.

The notes on pages 25 to 43 form part of these financial statements.

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2022	2022	2022	2021
		Unrestricted	Trading	Charity	Total	Total
	Notes	Charity	Trading	Expendable	Total	Total
		£	£	Endowment	£	£
Income and endowments:						
Donations and legacies		1,122	-	-	1,122	278
Trading activities	7	-	30,545,902	-	30,545,902	30,214,339
Investment income	3	368,152	560,067	-	928,219	819,965
Coronavirus Job Retention Scheme	15	-	-	-	-	16,264
Total incoming resources		<u>369,274</u>	<u>31,105,969</u>	<u>-</u>	<u>31,475,243</u>	<u>31,050,846</u>
Expenditure on:						
Raising funds – trading activities	5	<u>230,754</u>	<u>(26,525,068)</u>	<u>(85,541)</u>	<u>(26,379,855)</u>	<u>(29,393,225)</u>
Amounts available for charitable application		<u>600,028</u>	<u>4,580,901</u>	<u>(85,541)</u>	<u>5,095,388</u>	<u>1,657,621</u>
Charitable activities	8	<u>(2,161,478)</u>	<u>-</u>	<u>-</u>	<u>(2,161,478)</u>	<u>(2,035,072)</u>
Net (outgoing)/incoming resources before investment gains and losses		<u>(1,561,450)</u>	<u>4,580,901</u>	<u>(85,541)</u>	<u>2,933,910</u>	<u>(377,452)</u>
Gift aid donation		-	(4,211,504)	4,211,504	-	-
Gain on revaluation of tangible assets		-	-	-	-	-
Realised investment loss	10	-	(149,098)	(339,577)	(488,675)	153,137
Unrealised investment loss	10	-	(3,785,400)	(715,909)	(4,501,309)	4,570,850
Transfer between funds		<u>2,102,123</u>	<u>638,461</u>	<u>(2,740,584)</u>	<u>-</u>	<u>-</u>
Net movement in funds for the year		<u>540,673</u>	<u>(2,926,639)</u>	<u>329,893</u>	<u>(2,056,074)</u>	<u>4,346,535</u>
Funds brought forward		<u>1,346,304</u>	<u>27,465,904</u>	<u>18,887,630</u>	<u>47,699,838</u>	<u>43,353,303</u>
Funds carried forward at 31 December 2022		<u><u>1,886,977</u></u>	<u><u>24,539,265</u></u>	<u><u>19,217,353</u></u>	<u><u>45,643,764</u></u>	<u><u>47,699,838</u></u>

The notes on pages 25 to 43 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 2022

		2022		2021	
	Notes	Group £	Charity £	Group £	Charity £
FIXED ASSETS					
Tangible assets	9	4,976,701	-	5,022,331	-
Investments	10	33,592,343	33,872,056	36,744,834	31,378,967
		<u>38,569,343</u>	<u>33,872,056</u>	<u>41,767,165</u>	<u>31,378,967</u>
CURRENT ASSETS					
Debtors	11	3,120,087	9,398	2,419,839	2,122
Cash at bank and in hand		8,792,140	6,885,656	10,411,373	7,890,265
		<u>11,912,227</u>	<u>6,895,054</u>	<u>12,831,212</u>	<u>7,892,388</u>
CREDITORS: amounts falling due within one year	12	(4,186,590)	7,653	(4,878,395)	(9,764)
NET CURRENT ASSETS		<u>7,725,638</u>	<u>6,902,707</u>	<u>7,952,817</u>	<u>7,882,624</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		46,294,981	40,774,763	49,719,982	39,261,591
DEFERRED TAXATION	14	(651,217)	-	(2,020,144)	-
NET ASSETS		<u><u>45,643,764</u></u>	<u><u>40,774,763</u></u>	<u><u>47,699,838</u></u>	<u><u>39,261,591</u></u>
Representing:					
FUNDS					
Unrestricted funds					
- General funds	16	1,886,977	19,664,308	1,346,304	19,025,847
- Trading funds	16	24,539,265	-	27,465,904	-
Expendable endowment fund	16	19,217,523	21,110,455	18,887,630	20,235,744
		<u><u>45,643,765</u></u>	<u><u>40,774,763</u></u>	<u><u>47,699,838</u></u>	<u><u>39,261,591</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 21 March 2023 and were signed below on its behalf by:

JOHN GREENWOOD
Chair

JANE DALTON
Vice Chair

The notes on pages 25 to 43 form part of these financial statements.

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022 £	2021 £
Reconciliation of net movement in funds for the year to net operating cash flows			
Net movement in funds for the year		(2,023,621)	4,612,037
Taxation		(1,371,766)	450,342
Exchange (gains) / losses		(44,271)	684,385
Unrealised losses / (gains) on other financial investments		4,501,309	(4,570,850)
Realised losses / (gains) on other financial investments		488,675	(153,137)
Income from other financial investments and cash	3	(928,219)	(819,965)
Depreciation and amortisation		215,956	231,351
(Increase) in debtors		(700,248)	(8,934)
(Decrease) / Increase in creditors		(691,805)	391,334
Net cashflow from operating activities		<u>(553,990)</u>	<u>816,563</u>
Cash flows from investment activities			
Income received from other financial investments	3	920,457	782,086
Interest received	3	7,762	37,879
Exchange gains / (losses)		14,271	(702,766)
Purchases of tangible fixed assets	9	(170,326)	(36,944)
Acquisition of subsidiaries		(638,461)	(3,160,271)
Purchases of other financial investments		(24,578,629)	(5,704,647)
Sales of other financial investments		23,379,683	7,356,675
Net cashflow from investing activities		<u>(1,065,243)</u>	<u>(1,427,988)</u>
(Decrease) in cash holdings		(1,619,233)	(611,425)
Cash and cash equivalents at 1 January		10,411,373	11,022,798
Cash and cash equivalents at 31 December		<u>8,792,140</u>	<u>10,411,373</u>
Analysis of cash and cash equivalents			
Cash in hand		8,792,140	10,411,373
Total cash and cash equivalents		<u>8,792,140</u>	<u>10,411,373</u>

ANALYSIS OF CHANGES IN NET CASH

	At 1 January 2022 £	Cashflows £	Capital Contribution to subsidiary £	At 31 December 2022 £
Cash	10,411,373	(980,772)	(638,461)	8,792,140
Total	<u>10,411,373</u>	<u>(980,772)</u>	<u>(638,461)</u>	<u>8,792,140</u>

There was no net debt in the current and prior year

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES

The Hospital Saturday Fund is a charitable company limited by guarantee and is incorporated in the England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are that of a grant giving charity.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102 & FRS103), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

These accounts consolidate the accounts of the Charitable Company and its wholly owned non-charitable trading subsidiaries companies HSF health plan Limited, HSF Assist Limited and HSF health plan (Malta) Ltd. 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.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest pound.

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

a) Gift of investment in HSF health plan Limited

The investment is carried at the Trustees' estimate of valuation of the company at 1 April 2007, the date of gift from the company, less any provision for permanent diminution in value. In 2021 the Trustees' acquired a further subsidiary of HSF health plan (Malta) Ltd and this is carried at the Trustees' estimate of valuation of the company at 13 January 2021, the date of the investment in the company plus the valuation of the additional investment in 2022.

b) Incoming resources

All incoming resources are included within the Statement of Financial Activities (SOFA) where the charity has legal entitlement to the income, after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Incoming resources represents donations, income of the trading subsidiaries, investment income and Government grants in the form of the Coronavirus Job Retention Scheme grants received. 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.

Re-Insurance premiums are deducted from gross premiums earned for the Personal Accident as this is underwritten by a third party. These Re-Insurance premiums are in relation to Accident and Health and this agreement ended on the 31st January 2021.

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

The group has adopted the revaluation method in relation to its freehold property. Land and buildings occupied by the Company for its own purposes are stated at valuation less depreciation. Depreciation is applied to both the land and building as the land element is not identified separately. Depreciation in excess of historical costs is charged to the gains on investment/property.

Other Fixed Assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributed in making the asset capable of operating as an asset.

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation less estimated residual value of assets in equal instalments over their expected useful lives. Assets costing below £1,000 are expensed to the SOFA in the year of acquisition. The rates used are as follows on a straight line basis:-

Freehold property	2%
Furniture, fixtures and fittings	20%
Computer equipment	25%

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

d) Investments

Investments are recognised initially at fair value which is normally the transactional price, in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' subsequently they are reserved at fair value with unrealised gains and losses on the revaluation of listed investments are taken to the Statement of Financial Activities. The basis for determining the fair value is the quoted market price in an active market. Investments in subsidiaries are recognised at cost value.

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.

g) Redundancy

Redundancy costs arising from periodic reviews of staff levels are charged against profit in the year in which legal or contractual recognition occurs.

h) Expenditure

Expenditure is accounted for on an accounts loss and classified under functional headings on a direct cost basis. Expenditure is recognised where there is a legal or contractual obligation to issue a payment to a 3rd party, it is probable trust settlement will be required and the amount of the obligation can be measured reliably. Support costs are those costs which do not relate directly to a single activity. These include some staff costs, costs of administration, internal and external audit costs and IT support. Support costs have been apportioned between fundraising costs and charitable activities on an appropriate basis. The analysis of support costs and the bases of apportionment applied are shown in note 4.

i) 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.

j) 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 Trustees 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.

k) 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 based on tax rates substantially enacted 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.

l) Operating Leases

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

1. ACCOUNTING POLICIES (continued)

m) 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.

n) Grants

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

o) Financial instruments

The company 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. Financial instruments are measured at fair value using Section 11 and 12 of the FRS 102 framework. The financial assets and financial liabilities of the Company are as follows:

- Debtors – trade and other debtors are financial instruments and are debt instruments measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received as detailed in note 10. Prepayments amounting to £505,569 (2021: £267,630) for the Company are not financial instruments.
- Cash at bank – is classified as a basic financial instrument and is measured at face value.
- Liabilities – trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 11. Amounts due to taxation and social security are not included in the financial instrument disclosure.
- Investments – are measured at fair value with the exception of the investment in the subsidiaries which are stated at cost as detailed in note 1.(d).

p) 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 material claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the outcome will prove to be different from the original liability established.

Provision is also made at the year-end for the estimated unearned premium income at the balance sheet date. The Company takes all reasonable steps to ensure that it has appropriate information regarding its material unearned premium exposure. However, given the uncertainty in establishing unearned premiums provisions, it is likely the outcome will prove to be different from the original liability established.

q) Significant judgments 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 as follows:

- Estimate - Foreign Currency - the translation of foreign currency into the reporting currency.
- Judgement - Technical provisions - the most significant judgement and estimate in the accounts is the technical provisions and debtors, 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 recognised to the Company and the final outcome could be better or worse than the provisions. The Directors use a calculation based on claims and premium trends from the previous two years to estimate the provisions required at the year end. In 2022 there has also been an inclusion in the claims technical provisions for the Personal Accident claims following this coming in-house in February 2021. Due to this being a new area of business for the company and also due to the larger value differences between individual claims values the provision has utilised 4 years of historical data to generate a weighted average which is then multiplied by the number of open claims at the period end with a further inclusion of an additional value for claims which have been incurred but not received.
- Estimate - Land & Buildings - the fair value of the freehold property has been based on the value provided by an independent chartered surveyor in 2021. Even though the value was carried out in the prior year the Trustees believe this to continue to be a fair value for the freehold property, there is an estimated uncertainty in this as no third party valuation was carried out at the current year end.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

r) Employee Benefits

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The Charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

s) Tax

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. The taxation charge arising in the year relates to the operation of the Trading Subsidiaries.

t) Deferred Tax

Deferred tax is generated from the activities of the charities trading subsidiaries. Full provision is made for deferred tax assets and liabilities within the accounts in respect of all timing differences, which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is recognised only if it can be regarded as probable that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

u) Going Concern

The Trustees have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charities ability to continue as a going concern. The charity therefore continues to adopt the going concern basis in preparing these financial statements.

2. PREMIUM INCOME

	2022 £	2021 £
Total direct insurance premiums	31,826,932	31,612,524
Less direct insurance premium tax	(1,505,377)	(1,484,850)
Gross direct premiums written	30,321,555	30,127,674

The Company is engaged in only one class of business, Accident and Health, providing a range of health cash plan schemes. All premium income relates to direct insurance business arising in the United Kingdom, Republic of Ireland and Malta. All premiums received are individual periodic premiums with are based on non-participating contracts.

	2022 £	2021 £
United Kingdom	12,953,036	13,054,000
Republic of Ireland	17,363,748	17,073,674
Malta	4,771	-
Gross premiums written	30,321,555	30,127,674

3. INVESTMENT INCOME

	2022 Charity £	2022 Group £	2021 Charity £	2021 Group £
Income from other financial investments	366,321	920,457	418,709	782,086
Interest receivable	1,831	7,762	3,072	37,879
	368,152	928,219	421,781	819,965

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. NET INCOME FOR THE YEAR	2022 £	2021 £
The net income for the year is stated after charging:		
Depreciation	215,956	231,351
Auditors' remuneration:		
Audit of the charity	9,000	10,200
Audit of the subsidiaries	39,500	35,040
Operating leases	136,510	101,855

5. ANALYSIS OF TOTAL RESOURCES EXPENDED	Direct costs £	Grant funding £	Support costs £	2022 Total £
Raising funds				
Charity	(145,213)	-	-	(145,213)
Subsidiaries	20,943,643	-	5,581,425	26,525,068
Charitable activities (Note 8)	-	2,102,123	59,355	2,161,478
Group Total	20,798,430	2,102,123	5,640,780	28,541,333

All grants in the year were funded from the expendable endowment. The charitable activities support costs for 2022 is a negative balance due to the effect of exchange variance gains made in the year which forms part of this.

	Direct costs £	Grant funding £	Support costs £	2021 Total £
Raising funds				
Charity	118,108	-	-	118,108
Subsidiaries	22,373,753	-	6,901,364	29,275,117
Charitable activities (Note 8)	-	1,811,349	223,723	2,035,072
Group Total	22,491,861	1,811,349	7,125,087	31,428,297

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

ANALYSIS OF SUPPORT COSTS	2022 Total £	2021 Total £
Policy Services	341,934	740,896
Staff Costs	4,472,763	3,714,939
Property Costs	189,820	176,346
Sales & Marketing Costs	331,068	302,706
Administration Costs	1,432,428	1,267,413
Governance Costs	258,804	204,843
Exchange Variance	(14,271)	717,944
Tax Movement	(1,371,766)	-
Total	5,640,780	7,125,087

ANALYSIS OF GOVERNANCE COSTS	2022 Total £	2021 Total £
Internal Audit	-	-
External auditors' remuneration		
- Audit services	48,500	45,240
Governance and professional support	210,304	159,603
Total	258,804	204,843

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

6. STAFF COSTS

Charity

The charity employs no staff, all staff are employed by the trading subsidiaries – HSF health plan Limited & HSF health plan (Malta) Ltd.

	2022 £	2021 £
Wages and salaries	3,741,138	3,020,934
Social security costs	378,378	330,455
Pension costs	353,247	363,550
	<u>4,472,763</u>	<u>3,714,939</u>

The average number of persons employed during the year was:

Sales	19	18
Administration	52	52
	<u>71</u>	<u>70</u>

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

£60,001 - £70,000	4	5
£70,001 - £80,000	4	2
£80,001 - £90,000	4	1
£90,001 - £100,000	1	-
£100,001 - £110,000	2	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£160,001 - £170,000	-	1
£210,001 - £220,000	1	-
£250,001 - £260,000	-	1
£290,000 - £300,000	1	-
	<u>1</u>	<u>-</u>

Contributions totalling £185,682 (2021: £175,945) were made to group personal pension plans in respect of the 18 (2021: 11) employees above.

None of the trustees were remunerated during the year for their services as trustees of the parent Charitable Company. Expenses totalling £46,687 (2021: £2,057) were reimbursed to eight trustees (2021: five) of the parent Charitable Company for travel, accommodation and subsistence.

Key Management personnel for the Hospital Saturday Fund are only the Trustees as the Charity does not employ any staff. Key management personnel within its trading subsidiary HSF health plan Limited are the Non-Executive Directors, Executive Directors and Head of Departments and total salary and benefits provided total £964,506 (2021: £888,957).

There were redundancy payments in the year totalling £Nil (2021: £38,893). This includes no statutory redundancy payments, payments in lieu of notice and non-contractual payments (2021: £11,500 made to 1 member of staff). The non-contractual payments were made under the authority of the Directors when considered to be in HSF health plan Ltd best interest to avoid potential significant HR/legal costs.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

6. STAFF COSTS (continued)

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

	2022	2021
	£	£
Mrs J L Dalton	6,698	7,256
Mr M Davies	16,641	10,878
Mr J Greenwood	8,544	8,300
Mr J Randel	14,172	15,934
Mr D Thomas	14,207	8,600
Total remuneration	60,262	50,968

Contributions totalling £1,366 (2021: £1,366) were made to personal pension plan in respect of the 1 (2021: 1) Director above.

7. RESULTS OF SUBSIDIARIES

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:

	2022	2021
	£	£
PROFIT AND LOSS ACCOUNT		
Premium income	30,503,727	30,163,821
Claims paid and reinsurance	(20,943,499)	(21,878,705)
Net operating expenses	(6,709,910)	(6,352,039)
Balance on the technical account for general business	2,850,318	1,933,077
Investment income and gains	(2,784,880)	2,904,482
Other income	-	16,264
Profit before taxation	65,438	4,853,823
Profit for the year after taxation	1,208,420	4,566,773
BALANCE SHEET		
Fixed assets	21,578,980	25,936,112
Net current assets	261,726	23,455
Deferred taxation	(712,820)	(1,855,802)
NET ASSETS	21,127,886	24,103,765
FUNDS		
General reserve	21,127,885	24,103,765
	21,127,885	24,103,765

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

7. RESULTS OF SUBSIDIARIES (continued)

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:

	2022 £	2021 £
PROFIT AND LOSS ACCOUNT		
Premium income	37,520	50,518
Helplines and counselling	(16,747)	(17,946)
Other admin costs inc gift aid donation	(10,545)	(5,368)
Profit for the year after taxation	10,228	27,204
BALANCE SHEET		
Net current assets	10,228	27,204
NET ASSETS	10,228	27,204
CAPITAL AND RESERVES		
Share capital	1	1
Profit and loss account	10,227	27,204
	10,228	27,205

HSF health plan (Malta) Limited is a wholly owned subsidiary of The Hospital Saturday Fund. HSF health plan (Malta) Limited, incorporated in Malta (registration number: C 93406), is a health cash plan organisation. The results of HSF health plan (Malta) Limited are detailed below:

	2022 £	2021 £
PROFIT AND LOSS ACCOUNT		
Premium income	4,655	-
Claims paid and reinsurance	(144)	-
Net operating expenses	(360,548)	(291,754)
Balance on the technical account for general business	(356,037)	(291,754)
Investment income and gains	(704,419)	518,873
Other income	257,954	230,957
(Loss) / Profit before taxation	(802,502)	458,076
(Loss) / Profit for the year after taxation	(573,718)	294,784
BALANCE SHEET		
Fixed assets	2,601,114	3,350,702
Net current assets	703,972	32,497
Deferred taxation	61,603	(164,342)
NET ASSETS	3,366,689	3,547,541
FUNDS		
General reserve	3,366,689	3,547,541
	3,366,689	3,547,541

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. GRANTS	Grants to Institutions	Grants to Individuals	Support Costs	2022 Total
	£	£	£	£
During the year the following grants were made:				
Medical charities	1,493,712	-	42,176	1,535,888
Hospitals and hospices	254,458	-	7,185	261,643
Welfare grants to individuals	-	343,953	9,712	353,665
Other medical/welfare related organisations	10,000	-	282	10,282
	<u>1,758,170</u>	<u>343,953</u>	<u>59,355</u>	<u>2,161,478</u>
	Grants to Institutions	Grants to Individuals	Support Costs	2021 Total
	£	£	£	£
During the year the following grants were made:				
Medical charities	1,442,434	-	178,157	1,620,591
Hospitals and hospices	223,566	-	27,613	251,179
Welfare grants to individuals	-	123,968	15,311	139,279
Covid-19 fund grants	11,382	-	1,406	12,788
Other medical/welfare related organisations	10,000	-	1,235	11,235
	<u>1,687,382</u>	<u>123,968</u>	<u>223,722</u>	<u>2,035,072</u>

A full list of grants to institutions is available on the Charity website (<https://hospitalsaturdayfund.org/grant-updates/>).

9. TANGIBLE FIXED ASSETS	Charity		Group		
	Computer Equipment	Total	Freehold property	Furniture Fixtures and Fittings	Total
COST OR VALUATION	£	£	£	£	£
At 1 January 2022	12,000	12,000	4,995,000	1,891,229	6,898,229
Additions in year	-	-	-	170,326	170,326
	<u>12,000</u>	<u>12,000</u>	<u>4,995,000</u>	<u>2,061,555</u>	<u>7,068,555</u>
At 31 December 2022	12,000	12,000	4,995,000	2,061,555	7,068,555
	<u>12,000</u>	<u>12,000</u>	<u>4,995,000</u>	<u>2,061,555</u>	<u>7,068,555</u>
DEPRECIATION					
At 1 January 2022	12,000	12,000	99,900	1,763,998	1,875,898
Charge for year	-	-	99,900	116,056	215,956
	<u>12,000</u>	<u>12,000</u>	<u>199,800</u>	<u>1,880,054</u>	<u>2,091,854</u>
At 31 December 2022	12,000	12,000	199,800	1,880,054	2,091,854
	<u>12,000</u>	<u>12,000</u>	<u>199,800</u>	<u>1,880,054</u>	<u>2,091,854</u>
NET BOOK VALUE					
At 31 December 2022	-	-	4,795,200	181,501	4,976,701
	<u>-</u>	<u>-</u>	<u>4,795,200</u>	<u>181,501</u>	<u>4,976,701</u>
At 31 December 2021	-	-	4,895,100	127,231	5,022,331
	<u>-</u>	<u>-</u>	<u>4,895,100</u>	<u>127,231</u>	<u>5,022,331</u>

The Company owns a freehold property at 24 Upper Ground, London SE1 9PD which is used for the Company's own activities. The property was valued on 18 February 2021, the fair value of the property was £4,995,000 on an open market basis by an independent valuer, Egerton chartered surveyors. At the date of the revaluation, the directors believed the property had a useful economic life of at least 50 years. The directors have reassessed the valuation at 31 December 2022 which has confirmed no material change or impairment. The historical cost as of the 31 December 2022 was £822,500 (2021: £822,500).

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

10. INVESTMENTS

	2022		2021	
	Group £	Charity £	Group £	Charity £
Market value at 1 January	36,744,834	31,378,967	30,557,478	27,164,030
Additions	24,578,629	14,815,474	8,864,918	7,602,044
Disposals	(23,229,811)	(11,606,476)	(7,248,412)	(4,733,977)
Unrealised (losses) / gains	(4,501,309)	(715,909)	4,570,850	1,346,870
Market value at 31 December	33,592,343	33,872,056	36,744,834	31,378,967
Historical cost at 31 December	36,591,750	34,270,834	33,215,313	29,752,822
At market value				
United Kingdom investments (listed)	3,923,602	2,356,603	8,635,098	5,732,580
Overseas investments (listed)	22,027,724	9,938,345	18,439,977	4,592,785
Bonds (listed)	5,427,819	1,912,800	5,604,208	1,271,863
Other (listed)	1,623,503	-	3,528,769	755,892
Cash Fund (unlisted)	589,695	-	536,782	-
At cost value				
Investment in HSF health plan Limited (unlisted)	-	15,865,576	-	15,865,576
Investment in HSF health plan (Malta) Ltd (unlisted)	-	3,798,732	-	3,160,271
	33,592,343	33,872,056	36,744,834	31,378,967

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. The consolidated statement of financial activities includes unrealised losses of £4,501,309 (2021 gains of: £4,570,850) and realised losses of £488,675 (2021 gains of: £153,136)

11. DEBTORS

	2022		2021	
	Group £	Charity £	Group £	Charity £
Insurance operation debtors	2,041,337	-	1,478,686	-
Other debtors	573,181	-	673,523	331
Balance owed from subsidiaries	-	-	-	1,077
Prepayments and accrued income	505,569	9,398	267,630	715
	3,120,087	9,398	2,419,839	2,122

12. CREDITORS: amounts falling due within one year

	Note	2022		2021	
		Group £	Charity £	Group £	Charity £
Insurance operations provisions	13	4,061,774	-	4,264,593	-
Trading operations creditors and accruals		154,043	-	19,065	-
Other creditors and accruals		(7,653)	(7,653)	576,971	9,764
Taxes and social security		(21,574)	-	17,766	-
		4,186,590	(7,653)	4,878,395	9,764

13. MOVEMENTS IN INSURANCE OPERATION PROVISIONS

	2022 £	2021 £
Claims Provision		
Claims provision brought forward (including IBNR)	3,284,353	2,548,346
Payments during the year in respect of those provisions	(2,921,412)	(2,499,627)
Adjustment to prior year's provision	(362,941)	(48,719)
Movement in provision during the year	3,268,276	3,284,353
Net loss provision carried forward in respect of outstanding claims	3,268,276	3,284,353

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

13. MOVEMENTS IN INSURANCE OPERATIONS PROVISIONS (continued)

	2022	2021
	£	£
Unearned Premium Provision		
Unearned premium provision brought forward	980,240	1,016,387
Premiums during the year in respect of those provisions	(980,239)	(1,016,387)
Movement in provision during the year	793,498	980,240
Net loss provision carried forward in respect of unearned premiums	793,498	980,240
Net loss provision carried forward in respect of insurance operations	4,061,774	4,264,593

The provisions detailed above would be expected to be materially realised within six months of the year end due to the nature of our business and the terms and conditions of our policies.

14. DEFERRED TAXATION

	Liability on Property revaluation	Short term Timing difference	Fixed asset - timing differences	Losses and other deductions	Total
	£	£	£	£	£
At 1 January 2022	(838,322)	(1,219,132)	37,310	-	(2,020,144)
Profit and loss account	-	1,280,735	(25,459)	113,651	1,368,927
Other comprehensive income	-	-	-	-	-
At 31 December 2022	(838,322)	61,603	11,851	113,651	(651,217)
	Liability on property revaluation	Short term timing different	Fixed asset - timing differences	Losses and other deductions	Total
	£	£	£	£	£
At 1 January 2021	(637,125)	(751,822)	21,393	-	(1,367,554)
Profit and loss account	-	(466,260)	15,917	-	(450,343)
Other comprehensive income	(201,197)	(1,050)	-	-	(202,247)
At 31 December 2021	(838,322)	(1,219,132)	37,310	-	(2,020,144)

Reversal of deferred tax liabilities in respect of property revaluation is uncertain due to its dependency on prevailing market conditions. In the calculation of the deferred tax the future tax rate of 25% has been taking into consideration.

The tax charge in the Income Statement is made up as follows.

	2022	2021
	£	£
Corporation tax (see below)	(1,142,982)	450,342
Movement on deferred tax provision on property revaluation	-	201,198
	(1,142,982)	651,540

The tax assessed for the year differs from the standard corporation tax rate in the UK of 19.00% (2021: 19.00%).

The differences are explained below:

UK Profit on ordinary activities before tax	65,438	4,853,824
Corporation tax at the standard rate of 19.00% thereon (2021: 19.00%)	12,433	922,227
Effects of:		
Amounts not deductible for tax purposes	2,165	1,892
Fixed asset differences	9,272	16,875
Losses carried back	6,623	-
Dividend and distribution income	(97,520)	(63,657)
Adjustment to tax charge in respect of previous periods – deferred tax	(8,714)	-
Deferred tax (charged) directly to equity	-	(201,198)
Remeasurement of deferred tax for changes in tax rates to 25%	(272,224)	445,392
Adjustment for profits gift aided to parent, charged to reserves	(795,017)	(834,481)
UK Corporation tax on profit	(1,142,982)	287,050

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

14. DEFERRED TAXATION (continued)

	2022 £	2021 £
The tax assessed for the year differs from the standard corporation tax rate in the Malta of 35.00% (2021: 35.00%). The differences are explained below:		
UK Profit on ordinary activities before tax	(802,502)	458,076
Malta Corporation tax at the standard rate of 35.00% thereon (2021: 35.00%)	(280,876)	160,327
Effects of:		
Amounts not deductible for tax purposes	33,728	7,243
Dividend and distribution income	(895)	1,597
Unrealised gains on bonds	19,517	(4,825)
Tax refundable	-	(1,050)
Prior year adjustment	(258)	-
Malta Corporation tax on profit on ordinary activities	(228,784)	163,292
UK Corporation tax on profit on ordinary activities	(1,142,982)	287,050
Malta Corporation tax on profit on ordinary activities	(228,784)	163,292
Corporation tax on profit on ordinary activities	(1,371,766)	450,342

15. GOVERNMENT GRANTS

	2022 £	2021 £
Coronavirus Job Retention Scheme	-	16,264
	-	16,264

There are no unfulfilled conditions or other contingencies attaching to the grants received from government sources.

16. MOVEMENT ON FUNDS

	At 1 January 2022 £	Movement in funds		(Losses) / Gains on Investments/ Property £	Transfers £	Balance at 31 December 2022 £
Unrestricted funds		Incoming resources £	Resources expended £			
General funds	1,346,304	369,274	(1,930,724)	-	2,102,123	1,886,977
Trading funds	27,465,904	31,105,969	(26,525,068)	(3,934,498)	(3,573,043)	24,539,264
	28,812,208	31,475,243	(28,455,792)	(3,934,498)	(1,470,920)	26,426,241
Expendable Endowment	18,887,630	-	(85,541)	(1,055,486)	1,470,920	19,217,523
Total funds	47,699,838	31,475,243	(28,541,333)	(4,989,984)	-	45,643,764

	At 1 January 2021 £	Movement in funds		Gains on Investments/ Property £	Transfers £	Balance at 31 December 2021 £
Unrestricted funds		Incoming resources £	Resources expended £			
General funds	1,148,418	422,059	(2,035,523)	-	1,811,350	1,346,304
Trading funds	24,151,135	30,628,787	(29,275,117)	3,211,525	(1,250,426)	27,465,904
	25,299,553	31,050,846	(31,310,640)	3,211,525	560,924	28,812,208
Expendable Endowment	18,053,750	-	(117,658)	1,512,462	(560,924)	18,887,630
Total funds	43,353,303	31,050,846	(31,428,298)	4,723,987	-	47,669,838

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

16. MOVEMENT ON FUNDS (continued)

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 trading subsidiaries to The Hospital Saturday Fund and the drawdown of expendable endowment to fund grants awarded in the year. The Reserves Policy is to maintain the Expendable Endowment at a level no less than £5m and no greater than £22m. The charity received large gift aid donations in 2021 & 2022 for the profits made by the trading subsidiary HSF health plan Ltd in the trading years of 2020 & 2021, which was due to the exceptional circumstances that have resulted from the Covid-19 pandemic. However, given we are forecasting that the long-lasting effect of the pandemic and also now the effect of the current inflation situation will likely result in quite low gift-aid donations over the next three years, also as the largest of the three trading subsidiaries has committed to upgrading its Policyholder Database to improve the level of service provided to its customers, the Trustees are not expecting a large increase in the grant making as a result of the 2021 gift aid. Therefore, this will be used to fund the next three years' grant making.

Trading fund

The principal purpose of the trading fund is to generate and provide income to the charity through its trading subsidiaries activities. The fund represents the current balance sheet value of HSF health plan Limited, HSF Assist Limited and HSF health plan (Malta) Ltd.

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 December 2022 are represented by	Total Funds £	Unrestricted funds		Expendable Endowment £
		General Fund £	Trading Fund £	
Tangible fixed assets	4,976,701	-	4,976,701	-
Investments	33,592,642	-	19,384,894	14,207,748
Cash at bank and in hand	8,792,140	1,869,924	1,912,441	5,009,775
Net assets	(1,066,503)	17,051	(1,083,554)	-
Deferred tax	(651,217)	-	(651,217)	-
Total Net Assets	45,643,764	1,886,977	24,539,265	19,217,523

Fund balances at 31 December 2021 are represented by	Total Funds £	Unrestricted funds		Expendable Endowment £
		General Fund £	Trading Fund £	
Tangible fixed assets	5,022,331	-	5,022,331	-
Investments	36,744,834	-	24,391,714	12,353,120
Cash at bank and in hand	10,411,373	1,353,908	2,522,955	6,534,510
Net assets	(2,458,556)	(7,602)	(2,450,954)	-
Deferred tax	(2,020,144)	-	(2,020,144)	-
Total Net Assets	47,669,838	1,346,306	27,465,904	18,887,630

The Trading and Total Funds includes non-distributable reserves of £Nil (2021: £4,219,157) due to inclusion of the revaluation reserve.

18. 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 £416,206 (2021: £429,926).

At the balance sheet date, there were outstanding contributions of £Nil (2021: £Nil)

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

19. OPERATING LEASE COMMITMENTS

At 31 December 2022, the Group had annual commitments under operating leases which expire as follows:

	2022		2021	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Within one year	24,844	67,007	24,844	63,641
In the second to fifth years inclusive	28,984	24,444	53,828	16,970
	<u>53,828</u>	<u>91,451</u>	<u>78,672</u>	<u>80,611</u>

20. CONTINGENT LIABILITIES

No provision has been made for any levy which the trading subsidiary, HSF health plan Ltd may be called upon to pay under the provisions of the Policyholders Protection Act 1975 as the likelihood of this arising is considered to be remote. The maximum amount of any such levy in respect of the current financial year would be £303,168 (2021: £311,277).

21. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS

This section has been broken down in to the key natures of risk arising, these are Market, Underwriting, Counterparty Default, Operational and Insurance.

Market Risk

Key Risks

The key drivers of the charge are asset class 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 managers, three banks, the High Court of Ireland 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 which is generated due to the health nature of the insurance policies sold. 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. Re-Insurance was used to remove all risks associated with the personal accident as a third party underwrites this while this was insured by a third party. This remained in place until the 31 January 2021, after this date the underwriting of the personal accident was brought inhouse to the company, due to this being similar to existing underwriting risks it was not assessed as a significant risk.

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.

21. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS (continued)**Key Risks**

The main driver of the CDR is HSF health plan's cash at HSBC, Ulster Bank, AIB, Brewin Dolphin and ABRDN 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 are 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 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.

	Profit/Loss before tax		Accumulated Fund	
	2022	2021	2022	2021
	£	£	£	£
Before sensitivities	65,438	4,853,823	21,127,885	24,103,765
Reduction in business volumes by 15%	(4,482,080)	334,672	16,580,367	19,584,614
Reduction in investment market values by 25%	(5,329,307)	(1,630,205)	15,733,140	17,619,737

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 stress tests), HSF health plan remains solvent and fulfils obligations to its policyholders. However, if such events did occur HSF health plan may need to raise further capital, introduce reinsurance, or reduce operations.

21. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS (continued)**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. The Company has a risk associated with the claims technical provision which is calculated based on the requirement for claims to be submitted within 6 months of the date of treatment, by using two previous year's figures analysis to produce a trend and utilise this trend to calculate the current year's provisions. In 2021 there has also been an inclusion in the claims technical provisions for the Personal Accident claims following this coming in-house in February 2021. Due to this being a new area of business for the company and also due to the larger value differences between claims the provision has utilised 4 years of historical data to generate a weighted average which is then multiplied by the number of open claims at the period end with a further inclusion of an additional value for claims which have been incurred but not received.

Concentration

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

	Gross claims	
	2022	2021
	£	£
Direct Insurance	20,959,708	20,985,156
	<u>20,959,708</u>	<u>20,985,156</u>

22. 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.

2022	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	£	£	£	£	£	£
Trade and other liabilities	-	-	93,669	-	-	93,669
Outstanding claims	1,539,985	1,263,121	465,075	-	-	3,268,181
	<u>1,539,985</u>	<u>1,263,121</u>	<u>558,744</u>	<u>-</u>	<u>-</u>	<u>3,361,850</u>
2021	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
	£	£	£	£	£	£
Trade and other liabilities	-	-	608,649	-	-	608,649
Outstanding claims	1,240,455	1,352,162	691,736	-	-	3,284,353
	<u>1,240,455</u>	<u>1,352,162</u>	<u>1,300,385</u>	<u>-</u>	<u>-</u>	<u>3,893,002</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

22. FINANCIAL RISK MANAGEMENT (continued)

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 Company's maximum exposure to credit risk for insurance receivables would be 15% of net premiums earned, £4,575,559 (2021: £4,500,942).

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.

Credit Risk as at 31 December 2022	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	Total
	£	£	£	£	£	£
Insurance receivables	-	1,445,966	595,371	-	-	2,041,337
	-	1,445,966	595,371	-	-	2,041,337
Credit Risk as at 31 December 2021	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	Total
	£	£	£	£	£	£
Insurance receivables	-	1,155,723	322,963	-	-	1,478,686
	-	1,155,723	322,963	-	-	1,478,686

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:

	2022	2021
	£	£
0.5% increase		
Movement in bonds	15,402	18,721
Movement in equities	59,020	73,730
0.5% decrease		
Movement in bonds	(15,402)	(18,721)
Movement in equities	(59,020)	(73,730)

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 2022

22. 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 £
Financial instruments	40,767,110	-	-	40,767,110

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.

23. CAPITAL MANAGEMENT

The objective of the Company in managing its capital requirements is to ensure that it will be able to continue as a going concern and comply with the regulators' capital requirements of the markets in which the Company operates, while maximising the return to HSF health plan Ltd through the optimising of the capital. The capital structure of the Company consists of reserves.

The Company was in compliance with capital requirements imposed by the regulators throughout the financial year.

The capital requirement of the Company is determined by its exposure to risk and the solvency criteria established by management and statutory regulations. The table below sets out the statutory minimum capital requirement and the Company's available capital.

	2022 £	2021 £
Statutory minimum capital requirement	2,734,456	3,137,677
Total available capital resources	21,127,886	24,592,013
Statutory Minimum Capital Solvency Cover %	773%	784%

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

24. RELATED PARTY TRANSACTIONS

No trustee or other person related to the charity had any personal interest in any contract or transaction entered by the charity during the year (2021: £Nil).

The charity received Gift Aid donations during the year from its trading subsidiaries totalling £4,211,504 (2021: £4,392,316).

There is a debtor's balance of £26,632 (2021: £55,071) owed from the charities subsidiary company HSF health plan (Malta) Ltd in relation to services provided during the year.

Also there is a creditor's balance of £1,873 (2021: £4,976) owed to the charities trading subsidiary HSF health plan Ltd in relation to fees paid on behalf of the company.

25. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events