

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

REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019



*Mark Davies, HSF Trustee, presenting a grant cheque to
Terry Moseley, President of the British Disabled Angling Association*

Registered Company Number: 6039284
Registered Charity Number: 1123381

THE HOSPITAL SATURDAY FUND
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019

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THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2019

OFFICERS AND ADVISERS

<i>Chairman</i>	Mr J Greenwood
<i>Vice Chairman</i>	Mr D Thomas
<i>Other Trustees</i>	Mrs J L Dalton LLB (Hons) Mr M Davies Professor P W Palmer BA(Hons) PhD FCIS FIIA DChA FRSH Mr J Randel Mrs M Rogers
<i>Chief Executive</i>	Mr P W Jackson MSc BA (Hons) DChA
<i>Company Secretary</i>	Mrs Michelle Whittington FCIPD (resigned 21 November 2019) Mrs Pauline Jones CertPFS (appointed 21 November 2019)
<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>	Kerman & Co LLP 200 Strand, London, EC2M 2AN
<i>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
<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
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REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2019

The Board of Trustees is pleased to present the 13th 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 2019.

Strategic Report

Summary

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

The Hospital Saturday Fund is now a grant-making charity which donates to medically associated charities for care and research, and to some individuals with health problems throughout the UK and Ireland. The Hospital Saturday Fund is also the parent of two trading subsidiaries The HSF health plan 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 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 2019, HSF processed 211 applications on behalf of individuals and, after careful assessment by the Grant Making Committee, 144 were awarded a grant making a total of £105,752 (2018: £61,694) for the year. A further total of £1,444,927 (2018: £1,093,170) was awarded to 434 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.

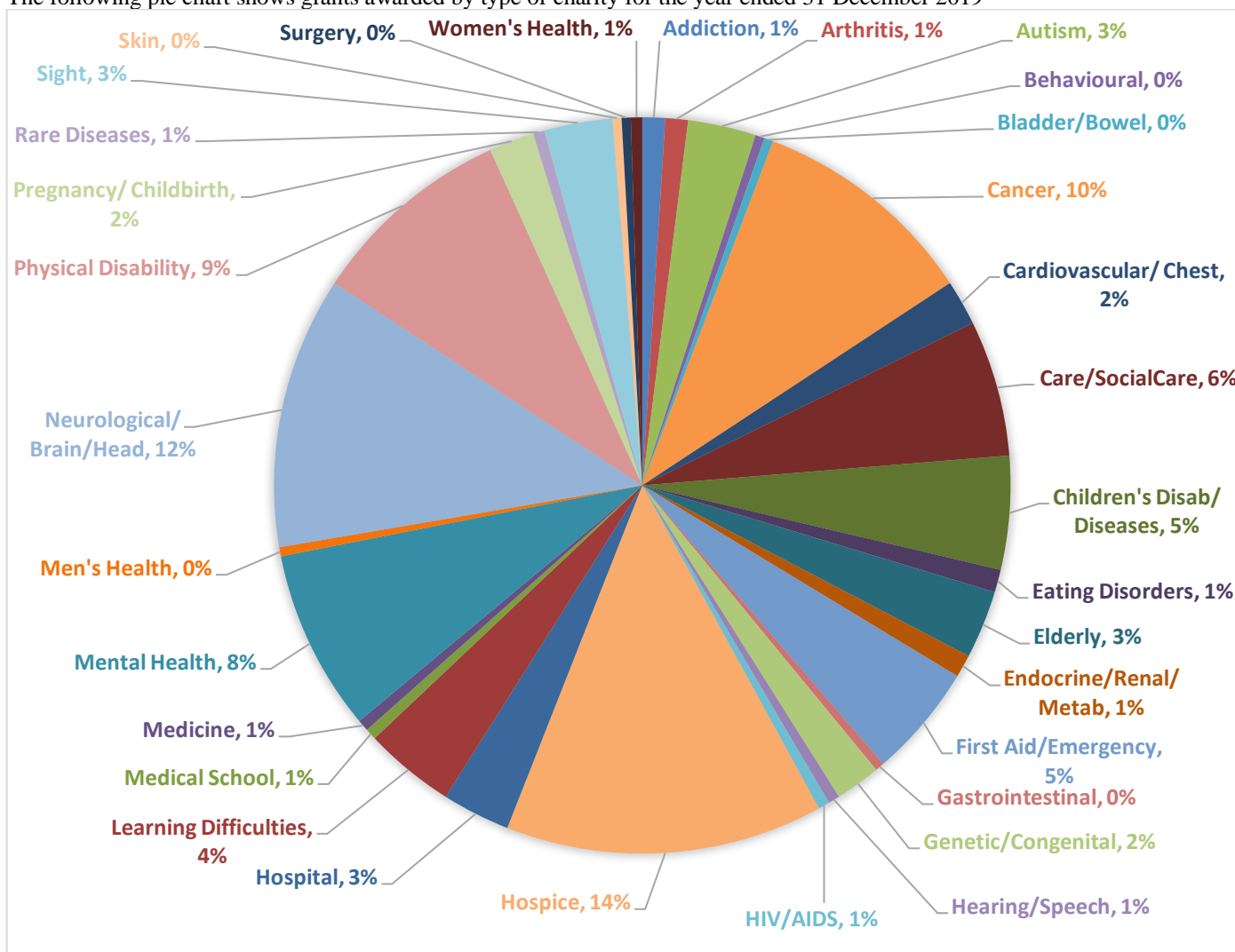
PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

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 21 February at the City Chambers in Glasgow was hosted by Councillor Eva Bolander, the Lord Provost of Glasgow, Vice-President of The Hospital Saturday Fund. A total of £85,000 was donated that evening to 26 different organisations.

The Trustees also held a charity reception in Cork Ireland. The reception took place on 21 November 2019 in the Aula Maxima, Cork, hosted by University College Cork. A total of €140,000 was donated on that evening to 30 charities based in Munster. Mr Marcus Horan, the well-known former international rugby player and Councillor Colm Kelleher, Deputy Lord Mayor of Cork both attended the reception and presented the grants.

The following pie chart shows grants awarded by type of charity for the year ended 31 December 2019



The vast majority of grants awarded were for £2,000 (or €3,000), with 49 lesser donations being made. 127 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.

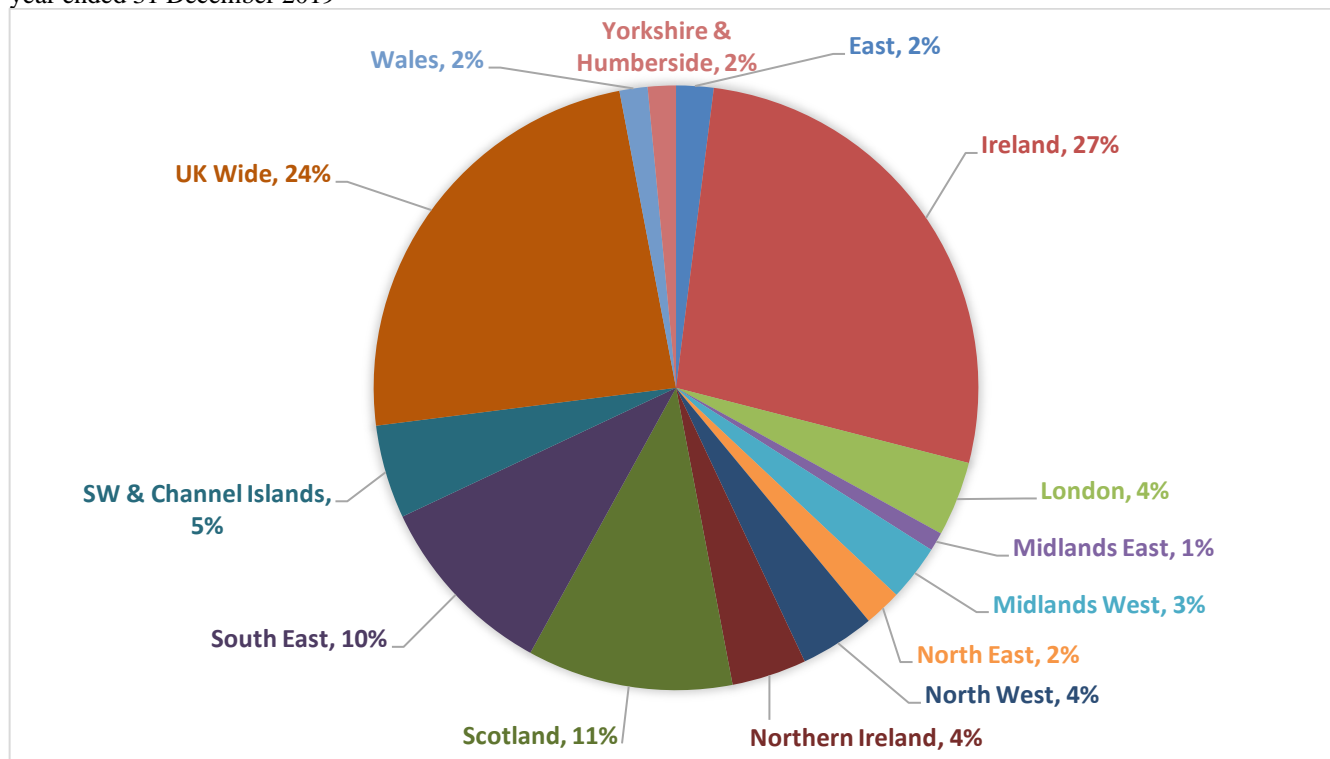
THE HOSPITAL SATURDAY FUND
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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

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 2019



Organisations receiving grants ranged from Ambitious About Autism, Leonard Cheshire Disability, Scuba Trust, Rainbow Trust Children's Charity, Slough Homeless Our Concern, Irish Dogs for the Disabled, Beatson Cancer Charity, British Disabled Angling Association, Wicklow Hospice, Cystic Fibrosis Ireland, Angel Eyes NI, Meath Epilepsy Society, Asthma Society of Ireland, Sickle Cell & Young Stroke Survivors, DEBRA, Tuberos Sclerosis Association, Bone Cancer Research Trust, Para Dance UK, Teenage Cancer Trust, Bobath Children's Therapy Centre Wales.

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

Evaluation process

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

Condensed versions of updates received from grantees are available on our website: <https://www.hospitalsaturdayfund.org/news-archive>. Amongst others, updates on the website relating to work supported by the Hospital Saturday Fund in 2019 refer to:

- A grant for their medical elective programme (Queen's University Belfast)
- To help fund a clinical research trial (Cure Parkinson's Trust)
- To provide a therapy programme for brain injured children and young people (BASIC)
- Towards transforming care for patients with dementia (Mater Foundation)
- A grant towards their therapy programme (Orkney MS Therapy Centre)
- To fund ventilator equipment (Cornwall Air Ambulance)
- To help fund treatment research for Type 2 Diabetes (Diabetes UK)
- A grant for a ward refurbishment project (St Christopher's Hospice)
- Funding toward research into antibiotics and respiratory infections (British Lung Foundation)
- To provide giggle doctors at a hospital in Guernsey (Theodora Children's Charity)

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

- A grant towards a patient support service (Fight Bladder Cancer)
- To help fund an educational outreach programme (Chronic Pain Ireland)
- A grant for hoist equipment for a nursing home (Little Sisters of the Poor, Dublin)
- Funding towards a new vehicle for emergency services (Blood Bikes Scotland)
- A grant towards a nurse helpline (SarcoidosisUK)
- To provide a bladder scanner for the hospice at home service (St John's Hospice, Lancashire)
- To help fund an epilepsy fieldwork programme in Scotland (Quarriers)

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 Saint Michael's Hospice

'The continued support of the Hospital Saturday Fund helps us to continue giving patients and their families a choice, when it can feel as though all of these have been taken away. For that, we cannot thank you enough'.

Grant to Cahercalla Community Hospital and Hospice

'We sincerely appreciate this donation and assure you that it will be put to good use in providing palliative care services to the people of County Clare. It is through your support that we are able to continue offering this increasingly necessary service to patients in our community'.

Grant to Ronald McDonald House Charities

'It is incredibly heart-warming to receive this donation and we are so grateful to The Hospital Saturday Fund for recognising how vital this programme will be in supporting families with critical ill children'.

Grant to Spread a Smile

'The grant will fund individually painted masks for children and teenagers undergoing radiotherapy treatment. This is a new but incredibly important area of work for us. The masks will help young patients come to terms with the treatment they must undergo and take some of the fear out of the process for them. Thank you for making it possible for us to do this'.

Grant to Irish Society for Colitis & Crohn's Disease

'The Hospital Saturday Fund has provided invaluable support over many years to ISCC with a straightforward grant application process. We are delighted that this continued support will now be put to such good use in the form of the expansion to our helpline. We look forward to bringing an enhanced level of support to those in need over the coming months and years which will be made possible by this grant support'.

Grant to Tuberous Sclerosis Association

'From all the team here at the TSA, thank you again. We truly appreciate your support. Without you we would not be here and people with TSC in the UK would lose a potential lifeline'.

Grant to Abbeyfield the Dales

'Thank you for the generous contribution. We are delighted that The Hospital Saturday Fund is supporting the battle against the loneliness and isolation that some older people live with. Your gift will make a real difference'.

Grant to Temple Street Foundation

Thank you once again for all you have done for these incredible children and for being such a special part of the circle of care that surrounds every child in Temple Street. Your kindness really is helping to save lives every day.

Grant to Helium Arts

'We are honoured to continue to be supported by The Hospital Saturday Fund, as an institution having created wide-range social impact across Ireland and the UK, creating positive outcomes for society over the years. Thanks to the belief of HSF, Helium will connect significantly more children to their creativity and their peers, providing access to a meaningful, creative and social outlet, bringing the powers of creativity to and supporting the wellbeing of more children in Dublin and across Ireland into the future'.

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

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

Grant for therapy

'I just wanted to say how grateful we are as a family for the financial support from The Hospital Saturday Fund. The boost it gave me when Luke's Care Coordinator told me our grant application was successful provided me with some much needed hope, positivity and support. Thank you for being there to give help in our family's time of crisis and for being there for other families too. It gives me comfort to know your organisation exists'.

Parent of Individual Grant Recipient

Grant for wheelchair

'I would like to thank you for making life so much better for me now. I can spend time with my children and not worry that my partner is coping with pushing a manual wheelchair. I cannot thank you enough for the grant, it has had a massive impact on my mental health already'.

Individual Grant Recipient

Grant for wheelchair

'Maurice is thrilled with his new wheelchair which has totally transformed his life. He is now able to independently carry out a wide variety of tasks from going to the supermarket to taking his children to after school clubs. His health has also benefited from the new equipment. Your grant has made a huge difference not only to Maurice but to his whole family and they would all like me to pass on their sincere thanks to the Trustees'.

Cumbria Cerebral Palsy

Grant for home adaptations

'I am extremely grateful to the HSF for the generous contribution received. It will really help to reduce the financial burden placed on this couple. They are now in a position for the adaptations to their home to go ahead. This will help Mrs A to retain her independence, to be safe and to remain in her home. This will have a significant favourable impact on her mental health and quality of life'.

Huntington's Disease Association

Grant for wheelchair

'Thank you for the donation towards Hollie's new wheelchair. This will allow Hollie to maintain her independence and return to university. Thank you for your continued and valued support which is much appreciated'.

Brittle Bone Society



Paul Jackson, HSF Chief Executive, presenting the Lord Dean of Guild, Ian Dickson, representative of the Lord Provost, with a grant cheque for the Lord Provost's Children's Fund at the Charity Reception in Glasgow, February 2019

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

FINANCIAL REVIEW

State of affairs

The Group Statement of Financial Activities for the year is set out on page 15 and shows net incoming/outgoing resources before investment gains and losses for the year of £196,001, (2018: £1,328,091). Net movement in funds for the year amounted to £3,584,684, after investment gains of £3,388,683 resulted in a net asset position as at 31 December 2019 of £34,996,923 (2018: £31,412,239). Of these funds, £20,319,669 is represented by the net assets of the trading subsidiary.

The trading company HSF health plan Ltd's total profit for the year was £3,584,942 (2018: £1,637,873). Total premiums (less Insurance Premium Tax) for the year were £31,269,301. Benefits payable (including Personal Accident premiums and helplines) for the year were £22,914,491 and represented 73.3% 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 £9,760 (2018: £21,630). Total income for the year was £22,737 (2018: £47,702). The Directors consider the overall state of affairs to be satisfactory

For the charity alone, total income for the year amounted to £1,856,043 (2018: £3,566,467) including gift aid from the subsidiary companies of £1,469,690 (2018: £3,335,837). Grants totalling £1,550,679 (2018: £1,287,812) were made during the year, which is considerably in excess of income available for charitable application. These grants were therefore made by utilising expendable endowment funds. After charging the grants and crediting the gift aid payment and realised and unrealised investment gains the endowment fund increased by £1,274,427 to £13,860,266

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 £14m, 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 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 £816,988. Although this is a small increase in the level compared with last year, the continued tough economic climate and its impact on the investment portfolio has meant that grant making activities were all financed from the endowment fund. The Trustees, having reviewed their strategy, are satisfied that the policy is appropriate and satisfied with the level of free reserves. Review had been carried out in 2019 by a CASS student, who found our current Reserves Policy is fit for purpose.

The trading subsidiary HSF health plan Ltd holds reserves of £20,308,822. The trading subsidiary requires reserves of this level to meet its Solvency II requirements as an insurance provider.

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 makes 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.

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

Principal Risks and Risk Assessment (continued)

The Risk & Compliance Committee of the Charitable Company's Trading Subsidiary monitor the Company's risk exposure in all areas including investment, operational, financial, human resources, sale and business continuity, with the Committees also monitoring their own areas of risk as well. It advises the Board on risk management and policy, while it also keeps under review the effectiveness of these areas. The Chief Risk Officer (CRO) is the Executive Director accountable for enabling the efficient and effective governance of significant risks, and related opportunities, for the 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 have produced various risk registers for the different parts of the business and these are kept under constant review by the various Committees and Board to manage and mitigate risks. Risk & Compliance Committee meet regularly to review and monitor these and reports to the Board. The Board are satisfied with the Risk management policies and procedures in place.

To assure the Trading & Charitable Company's compliance with the GDPR regulations an external assurance report from a third party was commissioned. This included a review of all the data protection related policies, privacy notices/statements, forms and guidance documents that had been issued. In addition, the report also included interviews with several members of the Senior Leadership Team. The overall conclusion reached was that the working practices and procedures for the company were satisfactory. The areas highlighted to support continuous improvement were covered in a report that was distributed to the Executive Directors, the Data Protection Officer, Compliance Manager and the ICT Manager for comment and action. It was also reviewed by the Company's Audit & Finance Committee.

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).

Solvency II

The Solvency II regime, which came into effect on 1 January 2016, has continued throughout 2019. 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 2019 and was subsequently submitted to the PRA. The Board will continue to monitor this activity and ensure the company continues to satisfy their solvency requirements

Investments & Investment Policy

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

The Trading Company's Investment Policy is linked to the Prudential Regulation Authority solvency requirements. Its Investment Policy reflects a low to medium risk profile, which is similar to that of the overall Charitable Group. The Charitable Company's portfolio produced a net gain of £1,412,587 on the investments held. Both the Trading Company's & Charitable Company's Investment Policies are reviewed annually by the Charitable Company's Investment Committee.

The Charitable Company follows a composite benchmark of a weighted index of the markets represented within the adopted asset allocation, i.e. the index relating to the specific asset class is multiplied by the percentage, which that particular asset class represents of the whole portfolio, and then these are added together to create the composite benchmark.

The Charitable Company's ethical investment policy is that no investment may be made in any company that derives any of its income from tobacco manufacturing or earns more than 10% from tobacco related products. To further enhance the Charitable Company's ethical investment policy all holdings in the portfolio held with UBS AG were switched to a Socially Responsible and Sustainable Strategy in April 2018.

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.

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

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 20 February 2020. Twenty-five charities were presented with grants on this occasion and the event was hosted by Tom Brabazon, the Deputy Lord Mayor of Dublin, Vice-President of The Hospital Saturday Fund.

In 2020, it is expected that grants awarded to medical charities, hospitals and hospices will be in the region of £1,800,000 and recipients are already receiving funds. This will be even more appreciated as charities experience a decline in funding, generally, during these difficult times.

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

Brexit

As 56.5% of the overall premium income for the trading company in 2019 (2018: 55.5%) was generated in Ireland, the trading companies Board of Directors and Senior Management Team, in consultation with their advisors, have conducted extensive research and contingency planning in advance of the UK's departure from the EU on 31st January 2020 and the likely end to passporting from the UK to Ireland following the end of the transitional period on 31st December 2020. The research and planning has been to facilitate the most beneficially compliant trading arrangements for the Trading Company post Brexit and due to the ongoing uncertainty around this, discussions and contingency plans are still ongoing to establish the best approach. With that in mind, the Trading Company have been given a pre-authorisation letter from the Central Bank of Ireland to set up a Third Country Branch in Ireland to continue trading post Brexit. Due to the ongoing negotiations between the UK & EU we have adopted an agile position in order to respond to future opportunities and risks.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Association

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

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

President

The Right Honourable The Lord Mayor of London

Vice-Presidents

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

Life Members of the Association

Mr D C Barnes	Mrs P E Lee
Mr P Battams	Miss I Racher
Mr T A Botly	Mr A M Rees LLB BA FCIPD
Mr M J Boyle FCA	Mr E W Smith
Miss D O Denton JP	Mr W N Smith
Mr R Dool	Mrs L M C Warner RGN SCM ONHC
Mr L I Fellman	Mr D T Young
Mr P P Groat	
Mr K Lawrey JP LLB MA MSc (Econ) Barrister (Gray's Inn)	

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

The Association (Continued)

The Association held two General Meetings during the year, the first being the Annual General Meeting which was held on 9 May 2019 at Guildhall, London. The President and Vice Presidents (listed above) were elected. Recognising that some civic offices change hands at times of the year not close to the Fund's AGM, authority was given to the Board to invite the successors of those elected to serve in the appropriate Honorary Officer capacity.

The guest speaker was the well-known broadcaster, Mr Chris Tarrant, who attended in his capacity as Celebrity Supporter of the Stroke Association.

At an Extraordinary General Meeting held on 16 October, 2019, Mr John Greenwood was re-elected as Chairman of the Association and Board, also at this meeting Professor Paul Palmer and Mrs Margaret Rogers were elected for a three year term as Trustees.

Board of Trustees

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

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

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

Following the introduction of the Charity Governance Code in July 2017, The Charity has adopted this and applied its principles throughout its Governance structure. The Board of trustee regularly review the Charity Governance Code using the apply and explain method which means should an item be decided not applicable to the charity by its Trustees an explanation for this decision is documented. The charity is currently compliant with all areas of the Charity Governance Code.

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.

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REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2019

Grant Making Committee, Policies and Procedures

The Committee usually meets every quarter and reports directly to the Board. In addition to the two Trustees elected as Chairman, Professor Paul Palmer and Vice Chairman, Mrs Margaret Rogers, the Committee includes appointed members Mrs Natalie Comber, Mr Paul Jackson, Mrs Pauline Jones (from 21 November 2019), Mr Keith Lawrey, Mrs Carol Murphy, Mr Cathal Nolan, Mr Glyn Tomlinson, and Mrs Michelle Whittington (until 21 November 2019).

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

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

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, FRS103 is a new basis of preparation used this year but this approach has not resulted in the restatement of any primary statements or supporting notes. 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:

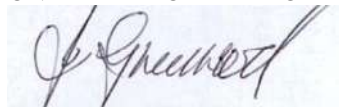
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume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

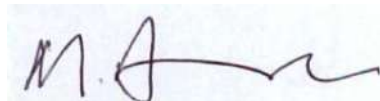
So far as each of the Trustees is aware at the time the report is approved:

- 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 19 March 2020



JOHN GREENWOOD
Chairman



MARK DAVIES
Trustee

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

1. Our Opinion

We have audited the financial statements of the Hospital Saturday Fund (the parent charitable company) and its subsidiaries (the group) for the year ended 31 December 2019.

The financial statements that we have audited comprise:

- Consolidated Income Statement
- Consolidated Statement of Financial Activities
- Group and Charity Balance Sheet
- Consolidated Statement of Cash Flows
- Notes 1 to 20 of the financial statements, including the accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law, Financial Reporting Standard 102 - *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, 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 parent charitable company’s affairs as at 31 December 2019 and incoming resources and application of resources, including its income and expenditure, for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to public benefit entities, 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.

Our audit opinion is consistent with our report to the Trustees.

Overview

Materiality	
Group	£620k 2% Gross Revenues
Key audit matters	
Event driven	<ul style="list-style-type: none"> • Impact of the UK exiting the European Union.
Recurring Group	<ul style="list-style-type: none"> • Completeness of insurance premium income • Reasonableness of estimates of provisions for outstanding claims liabilities

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

2. 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 and, as required for public interest entities, our results from those procedures. 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.

Impact of the UK exiting the European Union.	
The Risk	Our response
As noted in the Directors' report, the impact of the UK exiting the European Union will potentially have a significant impact on the operations of the company.	Our procedures included an assessment of the future plans of the organisation and its response to the uncertainty in operating in both jurisdictions.
<p>Result of our procedures We have concluded that the uncertainties involved do not represent a going concern risk to the organisation as a whole and that sufficient disclosure has been made regarding this uncertainty in the Trustees' Report.</p>	
Completeness of insurance premium income	
The Risk	Our response
As described in the accounting policy note 1 b, premiums represent income earned from policyholders. There is a risk that premium income is not complete due to inaccurate recording of policyholders and the premiums associated with each policyholder.	Our procedures included assessing the design and implementation of key controls around the recording of premium income. This included key control testing on new joiners, ensuring that they are accurately and promptly entered into the policyholder system. In addition to the control testing, 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.
<p>Result of our procedures We concluded that premium income was complete and had been accurately recorded in the financial statements.</p>	

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

Provision for outstanding claims	
The Risk	Our response
As described in accounting policy 1 n, provisions are made at the year-end for the estimated costs of claims incurred, but not settled, at the balance sheet date. As this assessment requires judgements it is considered a key area of focus for the audit due to the material amount of the provision.	Our procedures included an assessment of the methodology used in order to calculate the claim provision at the year end. We then tested this methodology by substantive analytical review which included the review of historic provision against actual results, and the expected provision based on historical patterns.
<p>Result of our procedures We concluded that the provision for outstanding claims is within an acceptable level and has been recorded appropriately.</p>	

3. Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that would change or influence the economic decision of a reasonably knowledgeable person. 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 £620k which was determined on the basis of 2% of Gross Revenues.

4. An overview of the scope of our audit

In addition to the parent charitable company, the group consists of 2 reporting components.

- HSF Health Plan Limited
- HSF Assist Limited

All of these entities 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.

Identified misstatements reported to the Trustees		
	Group reported	Identified misstatements
Revenue	£32,113k	Nil
Net Assets	£34,997k	Nil

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

5. Capability of the audit in detecting irregularities, including fraud

As part of our audit we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to both reduce costs and inflate operating profit, and management bias in accounting estimates.

Audit procedures performed by the engagement team included, but were not limited to:

- Obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included UK Companies Act, Insurance Services Act 2015 and the Financial Services and Markets Act 2000 and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the group's operations;
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Discussions with group and local management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Enquiring of the audit and finance committee of the subsidiary concerning actual and potential litigation and claims;
- Evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Reading key correspondence with regulatory authorities such as the Financial Conduct Authority, Prudential Regulatory Authority, and Financial Reporting Council
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for claims incurred but not reported

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We did not identify any key audit matters relating to irregularities, including fraud.

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

6. We have nothing to report on going concern

As explained in note 1 the trustees have prepared the financial statements on the going concern basis. In doing so they have concluded that there are no material uncertainties that would cast significant doubt on over their ability to continue as a going concern for the foreseeable future. The foreseeable future is usually defined as a period of up to one year from the date of approval of these financial statements.

It is our responsibility to obtain sufficient and appropriate evidence regarding and to conclude on:

- whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern and
- the appropriateness of the trustees' use of the going concern basis of accounting in the preparation of the financial statements.

Our work on going concern involved:

- i. the consideration of inherent risks to the Group and Company's operations and specifically its business model
- ii. the evaluation of how those risks might impact on the Group and Company's available financial resources.
- iii. 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.

Our work has concluded that those inherent risks were not so significant as to require us to perform any additional audit procedures.

7. We have nothing to report on the other information in the Annual Report

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Strategic report and trustees report

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

- the information given in the strategic report and the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

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

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

9. Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the trustees.
- As noted in Section 6 it is our responsibility to conclude on whether a material uncertainty exists and on the appropriateness of the trustees' use of the going concern basis of accounting. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent Company to cease as a going concern.

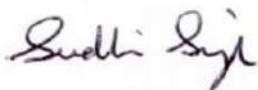
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOSPITAL SATURDAY FUND

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the 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

Chartered Accountants and Statutory Auditor

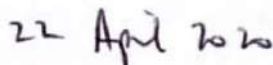
6th Floor

2 London Wall Place

London

EC2Y 5AU

Date:



THE HOSPITAL SATURDAY FUND
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
TECHNICAL ACCOUNT GENERAL BUSINESS					
Earned premiums					
Gross premiums written		31,117,259		30,865,844	
Change in the gross provision for unearned premiums		152,042		(94,860)	
		<u> </u>		<u> </u>	
Gross premiums earned			31,269,301		30,770,984
Less: reinsurance premiums			(1,141,276)		(1,154,392)
			<u> </u>		<u> </u>
Net premiums earned			30,128,025		29,616,592
Claims incurred					
Gross claims paid		(21,417,069)		(21,349,224)	
Change in the gross provision for claims outstanding		(79,150)		65,201	
		<u> </u>		<u> </u>	
			(21,496,218)		(21,284,023)
Net operating expenses			<u>(6,895,673)</u>		<u>(6,245,152)</u>
Balance on the technical account for general business			1,736,134		2,087,417
NON-TECHNICAL ACCOUNT					
Investment income					
Income from other financial investments	2	741,766		696,586	
Interest receivable	2	66,402		41,999	
Realised gains - other financial investments	9	1,071,500		108,632	
Unrealised gains/(loss) - other financial investments	9	2,317,183		(1,554,680)	
Investment expenses and charges		(245,888)		(214,849)	
		<u> </u>		<u> </u>	
			3,950,963		(922,312)
Donations and legacies received		13,108		1,009	
Income from trading activities		9,760		21,630	
Other charges – charitable activities		(1,752,187)		(1,355,341)	
		<u> </u>		<u> </u>	
			(1,729,319)		(1,332,702)
Profit on ordinary activities before tax			<u>3,957,778</u>		<u>(167,597)</u>
Taxation	12		<u>(373,094)</u>		<u>49,640</u>
Profit for the year after tax			<u><u>3,584,684</u></u>		<u><u>(117,957)</u></u>

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

The notes on pages 23 to 38 form part of these financial statements.

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Unrestricted Charity £	2019 Trading £	2019 Expendable Endowment £	2019 Total £	2018 Total £
Income and endowments:						
Donations and legacies		13,108	-	-	13,108	1,009
Trading activities	6	-	31,292,038	-	31,292,038	30,818,686
Investment income	2	373,245	434,923	-	808,168	738,585
Total incoming resources		386,353	31,726,961	-	32,113,314	31,558,280
Expenditure on:						
Raising funds – trading activities	4	(20,281)	(30,079,214)	(85,912)	(30,185,407)	(28,896,023)
Amounts available for charitable application		366,072	1,647,747	(85,912)	1,927,907	2,662,257
Charitable activities	4	(1,731,506)	(400)	-	(1,731,906)	(1,334,166)
Net incoming resources before investment gains and losses		(1,365,434)	1,647,347	(85,912)	196,001	1,328,091
Gift aid donation		-	(1,469,690)	1,469,690	-	-
Realised investment (loss)/gain	9	-	763,180	308,320	1,071,500	108,632
Unrealised investment gain	9	-	1,184,175	1,133,008	2,317,183	(1,554,680)
Transfer between funds		1,550,679	-	(1,550,679)	-	-
Net movement in funds for the year		185,245	2,125,012	1,274,427	3,584,684	(117,957)
Funds brought forward		631,743	18,194,657	12,585,839	31,412,239	31,530,196
Funds carried forward at 31 December 2019		816,988	20,319,669	13,860,266	34,996,923	31,412,239

The notes on pages 23 to 38 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 2019

	Notes	2019		2018	
		Group £	Charity £	Group £	Charity £
FIXED ASSETS					
Tangible assets	8	2,762,607	-	2,847,000	-
Investments	9	28,452,991	27,173,813	24,868,959	25,761,226
		<u>31,215,598</u>	<u>27,173,813</u>	<u>27,715,959</u>	<u>25,761,226</u>
CURRENT ASSETS					
Debtors	10	2,654,152	7,632	2,514,592	6,530
Bank balances and cash		5,952,851	3,459,706	5,557,039	3,335,770
		<u>8,607,003</u>	<u>3,467,338</u>	<u>8,071,631</u>	<u>3,342,300</u>
CREDITORS: amounts falling due within one year	11	<u>(4,325,309)</u>	<u>(96,222)</u>	<u>(4,248,075)</u>	<u>(20,518)</u>
NET CURRENT ASSETS		<u>4,281,694</u>	<u>3,371,116</u>	<u>3,823,556</u>	<u>3,321,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,497,292</u>	<u>30,544,929</u>	<u>31,539,515</u>	<u>29,083,008</u>
PROVISION FOR LIABILITIES AND CHARGES	12	<u>(500,369)</u>	<u>-</u>	<u>(127,276)</u>	<u>-</u>
NET ASSETS		<u><u>34,996,923</u></u>	<u><u>30,544,929</u></u>	<u><u>31,412,239</u></u>	<u><u>29,083,008</u></u>
Representing:					
FUNDS					
Unrestricted funds					
- General funds	13	816,988	15,418,194	631,743	15,132,949
- Trading funds	13	20,319,669	-	18,194,657	-
Expendable endowment fund	13	13,860,266	15,126,735	12,585,839	13,950,059
		<u>34,996,923</u>	<u>30,544,929</u>	<u>31,412,239</u>	<u>29,083,008</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 19 March 2020 and were signed below on its behalf by:



JOHN GREENWOOD
Chairman



MARK DAVIES
Trustee

The notes on pages 23 to 38 form part of these financial statements.

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Reconciliation of net movement in funds for the year to net operating cash flows		
Net movement in funds for the year	3,584,684	(117,957)
Taxation	373,094	(49,640)
Gain on revaluation of tangible assets	-	-
Unrealised gains on other financial investments	(2,317,183)	1,544,728
Realised (gains)/losses on other financial investments	(1,071,500)	(108,632)
Income from other financial investments and cash	(808,168)	(727,578)
Depreciation and amortisation	337,253	339,552
(Increase)/decrease in debtors	(139,560)	724,379
Increase/(decrease) in creditors	77,233	(27,402)
Net cashflow from operating activities	<u>35,853</u>	<u>1,577,450</u>
Cash flows from investment activities		
Income received from other financial investments	741,766	696,586
Interest received	66,402	41,999
Purchases of tangible fixed assets	(252,860)	(115,683)
Purchases of other financial investments	(24,858,663)	(15,251,536)
Sales of other financial investments	24,663,314	12,812,929
Net cashflow from investing activities	<u>359,959</u>	<u>(1,815,705)</u>
Increase/(decrease) in cash holdings	395,812	(238,255)
Cash and cash equivalents at 1 January 2019	5,557,039	5,795,294
Cash and cash equivalents at 31 December 2019	<u>5,952,851</u>	<u>5,557,039</u>
Analysis of cash and cash equivalents		
Cash in hand	5,952,851	5,557,039
Total cash and cash equivalents	<u>5,952,851</u>	<u>5,557,039</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

The Hospital Saturday Fund is a charitable company limited by guarantee and is incorporated in the United Kingdom. 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 3 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. FRS 103 is a new basis of preparation used this year but this approach has not resulted in the restatement of any primary statements or supporting notes.

These accounts consolidate the accounts of the Charitable Company and its wholly owned non-charitable trading subsidiary companies HSF health plan Limited and HSF Assist Limited. As permitted by Section 408 of the Companies Act 2006 and in accordance with paragraph 397 of the Charities SORP 2015, no separate SOFA has been presented for the Charitable Company alone.

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 £000.

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.

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 subsidiary and investment income. All income is accounted for on a receivable basis.

Premiums

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

Re-Insurance premiums are deducted from gross premiums earned for the Personal Accident as this is underwritten by a third party.

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 in excess of historical costs is charged to the revaluation reserve.

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. The rates used are as follows:-

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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) 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.

h) Claims Incurred

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

h) Fund accounting

Unrestricted funds comprise accumulated surpluses on general and trading funds.

General funds comprise the accumulated surplus from the Statement of Financial Activities which are neither restricted nor designated funds. They are available for use at the discretion of the 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.

i) Deferred Taxation

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

j) Operating Leases

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

k) 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.

l) 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.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

m) 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. 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 £279,758 (2018: £167,795) 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.

n) Provisions

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

o) Significant judgements and estimates

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

p) 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.

q) 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 Subsidiary's.

r) Going Concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

2. INVESTMENT INCOME

	2019	2018
	£	£
Income from other financial investments	741,766	696,586
Interest receivable	66,402	41,999
	<u>808,168</u>	<u>738,585</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

3.	NET INCOME FOR THE YEAR		2019	2018
			£	£
	The net income for the year is stated after charging:			
	Depreciation		337,253	339,552
	Auditors' remuneration:			
	Audit of the charity		6,600	10,800
	Audit of the subsidiaries		31,200	31,830
	Operating leases		137,045	133,288

4.	ANALYSIS OF TOTAL RESOURCES EXPENDED	Direct costs	Grant funding	Support costs	2019 Total
		£	£	£	£
	Raising funds				
	Charity	106,193	-	-	106,193
	Subsidiaries	21,496,218	400	8,582,596	30,079,214
	Charitable activities	-	1,550,679	180,827	1,731,506
	Group Total	21,602,411	1,551,079	8,763,423	31,916,913

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

		Direct costs	Grant funding	Support costs	2018 Total
		£	£	£	£
	Raising funds				
	Charity	106,078	-	-	106,078
	Subsidiaries	21,284,023	-	7,505,922	28,789,945
	Charitable activities	-	1,277,860	56,306	1,334,166
	Group Total	21,390,101	1,277,860	7,562,228	30,230,189

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

ANALYSIS OF SUPPORT COSTS	2019 Total	2018 Total
	£	£
Policy Services	1,427,033	1,452,944
Staff Costs	3,952,109	3,734,697
Property Costs	232,410	163,351
Sales & Marketing Costs	386,714	399,791
Administration Costs	1,983,742	1,629,699
Governance Costs	224,546	236,760
Exchange Variance	556,869	(55,014)
Total	8,763,423	7,562,228

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

4. ANALYSIS OF GOVERNANCE COSTS (continued)	2019 Total £	2018 Total £
Internal Audit	2,040	4,680
External auditors remuneration		
- Audit services	37,800	42,630
- Non-audit services	18,185	6,140
Governance and professional support	166,521	183,340
Total	224,546	236,790

5. STAFF COSTS

Charity

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

Trading subsidiary – HSF health plan Limited

	2019 £	2018 £
Wages and salaries	3,184,320	2,923,009
Social security costs	353,732	355,693
Pension costs	414,057	455,995
	3,952,109	3,734,697
The average number of persons employed during the year was:		
Sales	20	20
Administration	54	56
	74	76

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

£60,001 - £70,000	5	7
£70,001 - £80,000	5	-
£80,001 - £90,000	1	2
£90,001 - £100,000	1	1
£110,001 - £120,000	1	-
£170,001 - £180,000	1	1
£210,001 - £220,000	-	1
£250,000 - £260,000	1	-

Contributions totalling £169,541 (2018: £185,285) were made to group personal pension plans in respect of the 15 (2018: 12) employees above.

None of the trustees were remunerated during the year for their services as trustees of the parent Charitable Company. Expenses totalling £10,024 (2018: £12,572) were reimbursed to five trustees (2018: five) of the parent Charitable Company.

As the charity does not employ any staff it has no direct key management personnel costs. 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 £1,027,258 (2018: £829,247).

There were redundancy/termination payments in the year totalling £52,087 (2018: £25,000).

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

5. STAFF COSTS (continued)

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

	2019	2018
	£	£
Mrs J L Dalton	6,381	6,214
Mr M Davies	9,921	8,800
Mr J Greenwood	6,369	6,202
Mr J Randel	14,863	14,474
Mr D Thomas	7,980	6,971
	<u>45,514</u>	<u>42,661</u>
Total remuneration	<u><u>45,514</u></u>	<u><u>42,661</u></u>

6. RESULTS OF SUBSIDIARY

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

	2019	2018
	£	£
PROFIT AND LOSS ACCOUNT		
Premium income	31,269,301	30,770,984
Claims paid and reinsurance	(22,637,494)	(22,438,415)
	<u>8,631,807</u>	<u>8,332,569</u>
Profit before taxation	<u>3,958,036</u>	<u>4,171,223</u>
Profit for the year after taxation	<u><u>3,584,942</u></u>	<u><u>1,637,873</u></u>
BALANCE SHEET		
Fixed assets	19,907,361	17,819,221
Net current assets	901,830	479,995
Deferred tax	(500,369)	(127,276)
NET ASSETS	<u>20,308,822</u>	<u>18,171,940</u>
FUNDS		
General reserve	<u>20,308,822</u>	<u>18,171,940</u>
	<u><u>20,308,822</u></u>	<u><u>18,170,940</u></u>

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

6. RESULTS OF SUBSIDIARY (continued)

PROFIT AND LOSS ACCOUNT	2019	2018
	£	£
Premium income	22,737	47,702
Helplines and counselling	(8,761)	(16,198)
Other admin costs inc gift aid donation	(4,216)	(9,874)
	<u>9,760</u>	<u>21,630</u>
	<u><u>9,760</u></u>	<u><u>21,630</u></u>
BALANCE SHEET		
Net current assets	<u>9,760</u>	<u>21,631</u>
	<u><u>9,760</u></u>	<u><u>21,631</u></u>
NET ASSETS		
	<u><u>9,760</u></u>	<u><u>21,631</u></u>
CAPITAL AND RESERVES		
Share capital	1	1
Profit and loss account	<u>9,760</u>	<u>21,630</u>
	<u><u>9,761</u></u>	<u><u>21,631</u></u>

7. GRANTS

	Grants to Institutions	Grants to Individuals	2019 Total
	£	£	£
During the year the following grants were made:			
Medical charities	1,065,862	-	1,065,862
Hospitals and hospices	162,237	-	162,237
Welfare grants to individuals	-	105,752	105,752
Other medical/welfare related organisations	216,828	-	216,828
	<u>1,444,927</u>	<u>105,752</u>	<u>1,550,679</u>
	<u><u>1,444,927</u></u>	<u><u>105,752</u></u>	<u><u>1,550,679</u></u>
During 2018 the following grants were made:			
Medical charities	1,015,793	-	1,015,793
Hospitals and hospices	160,628	-	160,628
Welfare grants to individuals	-	61,694	61,694
Other medical/welfare related organisations	49,697	-	49,697
	<u>1,226,118</u>	<u>61,694</u>	<u>1,287,812</u>
	<u><u>1,226,118</u></u>	<u><u>61,694</u></u>	<u><u>1,287,812</u></u>

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

8. TANGIBLE FIXED ASSETS	Charity		Group		Total
	Computer Equipment £	Total £	Freehold property £	Furniture Fixtures and Fittings £	
COST OR VALUATION					
At 1 January 2019	12,000	12,000	2,500,000	1,526,914	4,038,914
Additions in year	-	-	-	252,860	252,860
Disposals in the year	-	-	-	-	-
At 31 December 2019	12,000	12,000	2,500,000	1,779,774	4,291,774
DEPRECIATION					
At 1 January 2019	12,000	12,000	50,000	1,129,914	1,191,914
Charge for year	-	-	50,000	287,253	337,253
Disposals in the year	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 December 2019	12,000	12,000	100,000	1,417,167	1,529,167
NET BOOK VALUE					
At 31 December 2019	-	-	2,400,000	362,607	2,762,607
At 31 December 2018	-	-	2,450,000	397,000	2,847,000

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

9. INVESTMENTS	2019		2018	
	Group £	Charity £	Group £	Charity £
Market value at 1 January 2019	24,868,959	25,761,226	23,876,389	23,996,980
Additions	24,858,663	5,171,126	15,251,536	12,130,534
Disposals	(23,591,814)	(4,891,547)	(12,704,286)	(9,638,770)
Unrealised gains	2,317,183	1,133,008	(1,554,680)	(727,518)
Market value at 31 December 2019	28,452,991	27,173,813	24,868,959	25,761,226
Historical cost at 31 December 2019	27,069,715	26,532,615	23,980,238	26,288,817
At market value				
United Kingdom investments	7,528,400	5,215,208	8,837,881	4,281,401
Overseas investments	13,894,302	4,029,856	8,482,954	3,535,622
Bonds	5,104,667	1,355,562	4,383,757	1,288,053
Other	1,925,622	707,611	3,164,367	791,662
Investment in HSF health plan Limited	-	15,865,576	-	15,864,488
	28,452,991	27,173,813	24,868,959	25,761,226

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 gains of £2,317,183 and realised gains of £1,071,500

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

10. DEBTORS	2019		2018	
	Group £	Charity £	Group £	Charity £
Insurance operation debtors	1,769,970	-	1,724,149	-
Other debtors	604,424	2,354	622,648	1,157
Prepayments and accrued income	279,758	5,278	167,795	5,373
	<u>2,654,152</u>	<u>7,632</u>	<u>2,514,592</u>	<u>6,530</u>
	<u><u>2,654,152</u></u>	<u><u>7,632</u></u>	<u><u>2,514,592</u></u>	<u><u>6,530</u></u>
11. CREDITORS: amounts falling due within one year	2019		2018	
	Group £	Charity £	Group £	Charity £
Insurance operations creditors	3,352,351	-	3,425,243	-
Other creditors including taxes and social security	972,958	96,222	822,832	20,518
	<u>4,325,309</u>	<u>96,222</u>	<u>4,248,075</u>	<u>20,518</u>
	<u><u>4,325,309</u></u>	<u><u>96,222</u></u>	<u><u>4,248,075</u></u>	<u><u>20,518</u></u>
12. PROVISION FOR DEFERRED TAXATION	Liability on Property revaluation	Liability on Investment gains £	Fixed asset - timing differences £	Total £
At 1 January 2019	(145,910)	-	18,634	(127,276)
Profit and loss account	-	-	(373,093)	(373,093)
	<u>(145,910)</u>	<u>-</u>	<u>(342,528)</u>	<u>(500,369)</u>
At 31 December 2019	<u><u>(145,910)</u></u>	<u><u>-</u></u>	<u><u>(342,528)</u></u>	<u><u>(500,369)</u></u>
PROVISION FOR DEFERRED TAXATION	Liability on Property revaluation	Liability on Investment gains £	Fixed asset - timing differences £	Total £
At 1 January 2018	(145,910)	-	(31,006)	(176,916)
Profit and loss account	-	-	49,640	49,640
	<u>(145,910)</u>	<u>-</u>	<u>18,634</u>	<u>(127,276)</u>
At 31 December 2018	<u><u>(145,910)</u></u>	<u><u>-</u></u>	<u><u>18,634</u></u>	<u><u>(127,276)</u></u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

13. MOVEMENT ON FUNDS

Unrestricted funds	At 1	Movement in funds		Gains on	Transfers	Balance at
	January 2019	Incoming resources	Resources expended	Investments/Property		31 December 2019
	£	£	£	£	£	£
General funds	631,743	386,353	(1,751,787)	-	1,550,679	816,988
Trading funds	18,194,657	31,726,961	(29,706,520)	1,947,355	(1,469,690)	20,692,763
	<u>18,826,400</u>	<u>32,113,315</u>	<u>(31,458,307)</u>	<u>1,947,355</u>	<u>80,989</u>	<u>21,509,751</u>
Expendable Endowment	<u>12,585,839</u>	<u>-</u>	<u>(85,912)</u>	<u>1,441,328</u>	<u>(80,989)</u>	<u>13,860,266</u>
Total funds	<u>31,412,239</u>	<u>32,113,315</u>	<u>(31,544,219)</u>	<u>3,388,683</u>	<u>-</u>	<u>35,370,017</u>

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

Expendable endowment fund

The principal purpose of the expendable endowment fund is to provide a capital base from which income is earned to finance the grant making activities. The Trustees have the powers to approve expenditure from the expendable endowment capital in certain circumstances however these are likely to be limited to grant making activity where unrestricted reserves are known to be insufficient to meet the cost of particular grants specifically approved by the Trustees. Transfer of funds represents the gift aid donation from HSF health plan Limited to The Hospital Saturday Fund 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 £14m.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

14. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Total Funds £	Unrestricted funds		Expendable Endowment £
		General Fund £	Trading Fund £	
Fund balances at 31 December 2019 are represented by				
Tangible fixed assets	2,762,607	-	2,762,607	-
Investments	28,452,991	-	17,144,754	11,308,237
Cash at bank and in hand	5,952,851	907,677	2,493,145	2,552,029
Net assets	(1,671,156)	(90,689)	(1,580,467)	-
Deferred tax	(500,369)	-	(500,369)	-
Total Net Assets	34,996,924	816,988	20,319,670	13,860,266

	Total Funds £	Unrestricted funds		Expendable Endowment £
		General Fund £	Trading Fund £	
Fund balances at 31 December 2018 are represented by				
Tangible fixed assets	2,847,000	-	2,847,000	-
Investments	24,868,959	-	14,972,221	9,896,738
Cash at bank and in hand	5,557,039	646,669	2,221,269	2,689,101
Net assets	(1,733,483)	(14,926)	(1,718,557)	-
Deferred tax	(127,276)	-	(127,276)	-
Total Net Assets	31,412,239	631,743	18,194,657	12,585,839

The Trading and Total Funds includes non-distributable reserves of £2,172,990 due to inclusion of the revaluation reserve inclusion.

15. PENSION COSTS

The trading subsidiary, as the employer in the group, makes contributions to group personal pension plans. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable for the year by the trading subsidiary to the personal pension plans and amounted to £414,057 (2018: £455,995).

At the balance sheet date, there were outstanding contributions of £24,030 (2018: £31,143)

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

16. OPERATING LEASE COMMITMENTS

At 31 December 2019, the Group had annual commitments under operating leases which expire as follows:

	2019		2018	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	24,097	93,661	21,566	70,152
In the second to fifth years inclusive	4,016	64,339	25,160	20,418
	<u>28,113</u>	<u>158,000</u>	<u>46,726</u>	<u>90,570</u>

17. CONTINGENT LIABILITIES

No provision has been made for any levy which the trading subsidiary may be called upon to pay under the provisions of the Policyholders Protection Act 1975. The maximum amount of any such levy in respect of the current financial year would be £311,173 (2018: £303,273).

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

Risk Appetite

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

Underwriting Risk

Key Risks

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

Controls

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

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

Re-Insurance is used to remove all risks associated with the personal accident as a third party underwrites these risks.

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.

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

Counterparty Default Risk

Risk Capital

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

Key Risks

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

Controls

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

Risk Appetite

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

Operational Risk

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

Sensitivity

Assumptions and sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables, which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The key methods used by the Company for estimating liabilities are expected loss ratio and benchmarking.

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

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

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

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

Insurance Risk

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Concentration

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

	Gross claims	
	2019	2018
	£	£
Direct Insurance	21,417,068	21,349,224
	<u>21,417,068</u>	<u>21,349,224</u>
	<u><u>21,417,068</u></u>	<u><u>21,349,224</u></u>

19. 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.

	Less than 1 month 2019	1-3 months 2019	3 months to 1 year 2019	1-5 years 2019	5+ years 2019	Total 2019
	£	£	£	£	£	£
Trade and other liabilities	-	-	856,920	-	-	856,920
Outstanding claims	1,668,368	627,218	210,115	-	-	2,505,701
	<u>1,668,368</u>	<u>627,218</u>	<u>1,067,035</u>	<u>-</u>	<u>-</u>	<u>3,362,621</u>
	<u><u>1,668,368</u></u>	<u><u>627,218</u></u>	<u><u>1,067,035</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,362,621</u></u>
	Less than 1 month 2018	1-3 months 2018	3 months to 1 year 2018	1-5 years 2018	5+ years 2018	Total 2018
	£	£	£	£	£	£
Trade and other liabilities	-	-	785,869	-	-	785,869
Outstanding claims	998,996	801,316	626,239	-	-	2,426,551
	<u>998,996</u>	<u>801,316</u>	<u>1,412,108</u>	<u>-</u>	<u>-</u>	<u>3,212,420</u>
	<u><u>998,996</u></u>	<u><u>801,316</u></u>	<u><u>1,412,108</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,212,420</u></u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

19. 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, £4,519,203 (2018: £4,442,489).

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 2019	Neither past due nor impaired	Past due less than 30 Days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 90 days
	£	£	£	£	£
Insurance receivables	-	1,586,920	181,611	1,439	-
	-	1,586,920	181,611	1,439	-
Credit Risk as at 31 December 2018	Neither past due nor impaired	Past due less than 30 Days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 90 days
	£	£	£	£	£
Insurance receivables	-	1,453,285	270,864	-	-
	-	1,453,285	270,864	-	-

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:

	2019	2018
	£	£
0.5% increase		
Movement in bonds	18,746	15,479
Movement in equities	60,888	47,519
0.5% decrease		
Movement in bonds	(18,746)	(15,479)
Movement in equities	(60,888)	(47,519)

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 2019

19. FINANCIAL RISK MANAGEMENT (continued)

Fair Value

i. Financial instruments carried at fair value

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

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

	Level 1	Level 2	Level 3	The Company
	£	£	£	Total
				£
Available-for-sale equity securities	28,452,991	-	-	28,452,991

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.

20. RELATED PARTY TRANSACTIONS

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2018: £Nil).