

THE BENENDEN HOSPITAL TRUST

England & Wales · Charity number 1065995

Details

Status	Registered
Legal form	Charitable company
Company number	03454120
Registered	1997-11-20
Register	View on the Charity Commission register

Contact

Address	Benenden Hospital Goddards Green Road Benenden Cranbrook TN17 4AX
Phone	01580240540
Email	paul.puxty@benenden.org.uk
Website	www.benendenhospital.org.uk

Activities

Objects: The objects of the Charity are, for the public benefit, the improvement of health and wellbeing through the provision of equipment, facilities and services to the patients of Benenden Hospital

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Classification

- **How:** Provides Services
- **What:** The Advancement Of Health Or Saving Of Lives
- **Who:** Other Defined Groups

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£48,218,000	£48,708,000	£15,390,000	465
2023-12-31	£49,530,000	£48,902,000	£15,880,000	452
2022-12-31	£43,082,000	£44,371,000	£15,252,000	451
2021-12-31	£39,946,000	£40,351,000	£16,541,000	451
2020-12-31	£35,229,000	£34,484,000	£16,946,000	483

Trustees

Name	Role	Appointed
Kim Horsfold		2026-03-01
Paul Richard Puxty		2025-12-01
Stella Croot		2025-12-01
Victoria Jayne Smith		2025-12-01

Accounts

The Benenden Hospital Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 December 2024
Registered Number: 03454120
Charity Number: 1065995

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The Board of Governors Annual Report 2024

The Board of Governors (who are Directors of the Benenden Hospital Trust for the purposes of the Companies Act 2006 and are also Trustees of the Benenden Hospital Trust) present their Annual Report and audited Financial Statements of The Benenden Hospital Trust ("BHT" or "Charitable Company" or "Hospital") for the year ended 31 December 2024.

The Annual Report and Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's Report

The Hospital has continued to make excellent progress in implementing its 5-year plan, which underpins its 2028 Vision. It has introduced additional innovative services in 2024, including Arthrosamid injections for knee osteoarthritis, ThermoVein treatment for thread veins and ultrasound liver scans to detect liver disease at an early stage. The Hospital continues to grow its robotic services, ROSA for knee replacements, and Aquablation for treatment of enlarged prostates, performing over 90 robotic procedures in the year.

However, this year has presented some challenges to the Hospital. Income from treating The Benenden Healthcare Society Limited ("Society") members was negatively impacted by a reduction in the Hospital's catchment area, Society changes to the treatments available to members plus a decrease in demand from Society members. To mitigate the reduction in Society income, the Hospital focussed on growing third party income, with the positive results that NHS income grew by 12%, income from Private Medical Insurers by 44% and Self-Pay income by 4.6%.

Retaining and recruiting clinical staff remains a challenge, and we continue to invest in supporting the physical and mental wellbeing of our staff. This was reflected in the Hospital recently being awarded a "We invest in wellbeing" Gold Award from Investors in People.

It was gratifying to see the Hospital recognised by the wider healthcare industry with some prestigious award nominations. In 2024 the Hospital was a finalist at the Laing Buisson awards in the categories of Hospital of the Year and Innovation in Care and was the winner of the Best Carbon Reduction Initiative at the Building Better Healthcare awards for the gas capture system installed in the Hospital's theatres. In addition, the Hospital has received recognition from its patients with more than 7,300 patient reviews now received on Doctify.

Internal recognition was shared at the annual Best of Benenden Awards Ceremony held in November. The event again broke the prior year's record for the number of attendees and award nominations. We acknowledged and celebrated all the outstanding contributions that our staff make to the Hospital.

Looking ahead to 2025, the Board of Governors is pleased to have reached an agreement for the transfer of the Hospital to a subsidiary of the Society. This transfer is due to complete by the end of the year. Throughout the transition period our focus remains on supporting our Society members and patients and developing new opportunities to expand the services the Hospital offers and grow third party income. Following the transfer the Charitable Company will remain in place to support the patients of Benenden Hospital and invest its funds to enhance the patient experience.

The Board of Governors Annual Report 2024

In conclusion, on behalf of my fellow Governors and myself, a big thank you to the Hospital team for their continued engagement and support of the Hospital's vision and the excellent quality care provided to our patients.

Objectives and Activities

About The Benenden Hospital Trust

The principal objectives and activities of BHT are governed by its Articles of Association. The principal objective of the Trust is 'the relief of hardship caused by sickness, infirmity, disability or any medical condition in particular by the provision of surgical and medical treatment, nursing care and otherwise to the members of The Benenden Healthcare Society Limited ("Society"), their nominees and, if the Governors think fit, to other persons in need'.

In setting BHT's objectives and planning its activities the Governors have considered the Charity Commission's general guidance on public benefit.

Our Strategic Objectives

BHT's strategic objectives, which are underpinned by its values and mission are:

- Deliver excellence in everything we do
- Grow profitable income
- Develop our capability and increase our efficiency

Our Activities

BHT is one of the main providers of surgical and medical treatment to members and nominees of the Society, which provides low-cost health care to its members with membership open to all. In addition, services are provided to Self-Pay and Private Medical Insurance ("PMI") patients. BHT is also an accredited NHS Provider with NHS patient referrals accepted for a range of specialties with local Integrated Care Board (ICB) contracts in place.

BHT measures the success of its activities in terms of financial performance, the number of patients treated during the year, and the level of serious incidents and infections. An overview of the Hospital's Achievements and Performance is set out on page 6.

Political Contributions

BHT made no political contributions during the year (2023 : £nil).

The Board of Governors Annual Report 2024

Our Values

The Hospital's values determine the way that BHT acts at all times. Those values are:

- Be Caring
 - We know what we do matters
 - We're proud and enjoy what we do
 - We promote a culture of care, respect, compassion, and wellbeing
- Be Connected
 - We collaborate and share across teams, departments and the Hospital
 - We listen to understand each other and our patients' needs
 - We support one another by having open and honest conversations
 - We recognise that we're stronger together
- Be Brave
 - We embrace change
 - We challenge and ask "why" as well as "why not"
 - We always want to learn
 - We are not afraid of trying new concepts and ideas
- Be Smart
 - We approach problems with a solution mindset
 - We actively seek to improve and be better
 - We spend the Hospital's money wisely
 - We're invested in the future of the Hospital

Our People

BHT places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, the daily "10@10" virtual huddle, the Hospital engagement platform Blink and quarterly business plan updates to all staff.

BHT prides itself in providing equal opportunities to all and welcomes applications from a diverse range of applicants, including those with disabilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Hospital continues and that appropriate training is arranged. It is the Hospital's policy Charitable Company that the training, career development and promotion of all individuals is equal, as far as is possible.

BHT also values the opportunity to work in partnership with our consultant colleagues who support the hospital through engagement in the Medical Advisory Committee, specialty reviews and service development initiatives as well as providing high quality care to our patients.

The Board of Governors Annual Report 2024

Achievements and Performance

Performance

The number of patients referred to the hospital has remained at the same level as last year, however the number of appointments and admissions declined. Activities are summarised below:

	2024 Number	2023 Number	Growth %
Referrals	36,174	36,054	+0.3%
Appointments	70,535	71,735	-1.7%
Admissions	9,204	10,514	-12.5%

In December 2024 the Society made changes for those Society members in what is known as the hospital's "outer catchment area" which means that members living in that area will no longer be required to use the Hospital for diagnostics or treatment and instead can be referred to a local hospital. This change, together with changes made to the treatments funded by the Society for its members, has resulted in a decline in appointments and admissions in the year.

Income from charitable activities can be analysed by channel as follows:

	2024 £'000	2023 £'000	Growth %
Income from:			
Society	27,989	30,037	-6.8%
NHS	8,638	7,699	+12.2%
Self-Pay	9,688	10,105	-4.1%
Private Medical Insurance	1,183	820	+44.3%
Total income from charitable activities	47,498	48,661	-2.4%

The decline in Society income is as a result of the changes referred to above. The decline in Self-Pay income is consistent with the overall decline in the Self-Pay market seen over the period.

The Board of Governors Annual Report 2024

Financial Review

In the opinion of the Governors the overall level of activity and financial position of the Charitable Company remains satisfactory.

The Charitable Company's income for the year from all sources was £48,218k (2023: £49,530k) and within this total income are legacies received during the year amounting to £20k (2023: £1k). The Charitable Company's total expenditure for the year was £48,708k (2023: £48,902k). For the year, there was a net deficit of £490k (2023: £628k surplus). The net asset position at the 31 December 2024 was £15,390k (2023: £15,880k).

The Charitable Company's principal source of Income is from clinical services and treatment provided to Society members, private patients and NHS patients. Unlike the previous years, BHT received no voluntary donations from the Society (2023: £331k). The Charitable Company's Statement of Financial Activities for the year is set out on page 24.

Reserves Policy

As at 31 December 2024, BHT held £7,427k (2023: £6,841k) in free reserves (net assets excluding fixed assets and restricted funds). BHT has a target Free Reserves Policy equivalent to 3.0 x monthly running costs (all hospital costs excluding directly variable costs). At 31 December 2024 the level of Reserves was equivalent to 2.9 x monthly running costs (2023: 2.8 x)

The current ratio (current assets: current liabilities) target of 2.0 was exceeded at 31 December 2024 with a ratio of 3.1 (2023: 2.7).

Going Concern

The Governors are required to assess the ability of BHT to continue as a going concern as part of the annual accounts preparation process (detailed information is provided in the going concern note within the Statement of Accounting Policies).

The Governors have considered, the forecasted financial position to the end of 2026, this being at least 12 months from the date of signing of the financial statements and based on the actual performance to 31 March 2025. The assessment has been made on a prudent view, and this shows that cash levels are expected to remain above the monthly minimum target of £2m throughout this period. The Society has agreed, through a Letter of Comfort, to support the Hospital with a further £5m if required at any point during this period. The Governors are satisfied with the level of support that this letter provides.

On 7 February 2025 BHT entered into an agreement with the Society for the transfer of the business and the assets of the Hospital to a subsidiary of the Society. This transaction is not as a result of any financial issues and there is no intention for the business of the hospital to cease at any time in the future. The agreed consideration for the sale of the hospital is £1 plus the agreement to bear the full amount of the deficit of the Benenden Healthcare Pension Plan by the Society. At the 31 December 2024 the deficit, as calculated in line with FRS102, attributed to the Hospital was £5,170k. The transaction has been approved by the Charity Commission and is expected to complete before the end of 2025.

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Going Concern (continued)

After the transaction is complete the Charitable Company will continue to operate with the objective of the improvement of health and wellbeing of the patients of Benenden Hospital, e.g. through the donation of medical equipment.

Having considered the future financial projections and the funding provided by the Society to support the financial operations, the Governors have determined that it remains appropriate to adopt the going concern basis in preparing the financial statements.

Future Plans

Vision

The vision of BHT is to be the South East's leading private hospital, renowned for excellence.

Strategy

The Hospital's 5-year plan to 2028 is based on three key strategic imperatives which are set out on page 4 and considered below.

Excellence

The Hospital's commitment to excellence is demonstrated by its key accreditations. The Hospital is rated as Outstanding by the Care Quality Commission (CQC), has been awarded a Joint Advisory Group accreditation for gastrointestinal endoscopy and a National Joint Registry gold award and recently received a gold award from Investors in People for "We Invest in Wellbeing".

Over the next three years the Hospital will seek to demonstrate its continued excellence by obtaining further accreditations across all main clinical areas.

Growth

We continue to develop existing services and add new ones, for example investment in the ROSA robot for knee replacements, and we work closely with the Society, the NHS and Private Medical Insurers to better serve their patients.

In December 2024 the Society made changes to the services provided to its members. This will reduce income from the Society by approximately £2.5m in 2025. BHT's growth objectives will ensure that the Hospital continues to develop new income streams to mitigate this impact.

Capability and Efficiency

We will continue to invest in systems and processes that improve the Hospital's efficiency and ensure that the Charitable Company's money is spent wisely. This will include further development of the Hospital's on-line patient portal "My Patient Hub".

The Board of Governors Annual Report 2024

Reference and Administrative Information

The Board of Governors

- Ms A Hays (Chair)
- Mr R Andrews (resigned 25 April 2024)
- Mrs P Clark
- Dr D Marmion
- Mrs K Horsford (resigned 30 June 2024)
- Mr A Pilgrim (resigned 20 April 2025)
- Mr P Rich
- Ms M Dodd (appointed 21 June 2024)

Hospital Executive

- Ms J Abbott: Hospital Director until 16 April 2024
- Ms M Anderson: Director of Human Resources & Organisational Development
- Mr A Chipperfield: Medical Director from 6 March 2024
- Mr R Connell: Medical Director until 29 February 2024
- Mr M Cowling: Chief Information Officer (Society)
- Mrs C Harley: Director of Patient Services until 16 April 2024, Hospital Director from 17 April 2024
- Mr P Puxty: Finance Director
- Mrs A Turner: Director of Clinical Services from 1 April 2024
- Ms V Smith: Director of Operations from 16 May 2024

External Auditors

PricewaterhouseCoopers LLP
Central Square, 29 Wellington Street, Leeds LS1 4DL.

Internal Auditors

RSM Risk Assurance Services LLP
5th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Bankers

National Westminster Bank PLC
South Essex Commercial Office, 3rd Floor Phoenix Place, Christopher Martin Road, Basildon,
SS14 3GQ

Solicitors

Brachers LLP
Somerfield House, 59 London Road, Maidstone, ME16 8JH

The Board of Governors Annual Report 2024

Reference and Administrative Information (continued)

Registered Office & Business Address

The Benenden Hospital Trust
Goddard's Green Road, Benenden, Cranbrook, TN17 4AX

Telephone: 01580 230661

Website: www.benendenhospital.org.uk

Registered number: 3454120

Charity number: 1065995

Structure, Governance and Management

Structure

BHT was incorporated in the United Kingdom on 23 October 1997 (company number 3454120) and was registered as a Charitable Company by the Charity Commissioners on 20 November 1997 (registered number 1065995). The Articles of Association, as amended by a special resolution dated 27 February 2014, govern the Charitable Company.

On the 1 July 2003 BHT became a controlled body of The Benenden Healthcare Society Limited which is an incorporated Friendly Society, registered under the Friendly Societies Act 1992 (registered number 480F). Transactions with related parties are set out in note 22 to the Financial Statements.

Appointment of Governors

The Governors are appointed in accordance with the Charitable Company the Charitable Company' Articles of Association. The number of the Governors must not be less than three but is not subject to any maximum. Appointments are reviewed every two years and Governors are either re-appointed or replaced with new appointees. Governors are able to serve up to a maximum term of eight years. In line with the Society's own articles, aligned with its regulator as a Friendly Society, the Society shall appoint the majority of the Governors and may remove or replace any person it appoints.

Following a recruitment and interview process BHT may by ordinary resolution, appoint a person(s) who is willing to act to be a Governor either to fill a vacancy or as an additional Governor providing that there is always a majority of Society nominated Governors on the Board. No person shall be appointed or re-appointed a Governor at any general meeting unless they are recommended by the Board of Governors following a recommendation from the Nominations Committee.

New appointees undergo an induction programme to BHT and together with existing Governors periodically undertake training courses to understand the duties and responsibilities of Governors.

The Board of Governors Annual Report 2024

Structure, Governance and Management (continued)

The arrangements for setting the pay and remuneration of the Hospital's key management and personnel are set out in the Remuneration & Nominations Committee section on page 11.

Hospital Audit Committee

The Governors have an established Audit Committee. This is a sub-committee of the Board and is responsible for ensuring effective systems of internal control, inspection and reporting are maintained, including compliance testing to safeguard the assets of the Hospital. Additionally, the Audit Committee is responsible for ensuring that the Charitable Company's affairs comply with the Companies Act 2006 and the Charities Statement of Recommended Practice (FRS102).

The Audit Committee also is responsible for review of risk and receives reports from the independent internal auditor, RSM Risk Assurance Services LLP, who reviews key systems and potential risks based on a programme determined by the Audit Committee in conjunction with the internal auditor. Minutes of the Audit Committee are submitted to the Governors and a summary report is presented to the Group Audit and Risk Committee of the Society. The Audit Committee meets with the external auditor and receives a management report following their year end audit.

The current members of the Audit Committee are: Governors, Mr A Pilgrim (Chair), Mr P Rich and Ms M Dodd.

Remuneration & Nominations Committee

The Governors have an established Remuneration Committee and a Nominations Committee. The Remuneration Committee reviews the annual pay award to staff with a recommendation made to the Board of Governors to approve. Plus, it sets the remuneration to attract the right calibre of individuals to senior positions. The Nominations Committee considers the knowledge and skills requirements of the Governors and Hospital Executive and ensuring the organisation is fit for purpose to meet the workforce needs of the future.

The current members of the Remuneration Committee and the Nominations Committee are: Governors, Ms A Hays (Chair), Mrs P Clark and Ms M Dodd.

Clinical Governance

The Hospital has effective governance systems in place which oversee all components of risk management, including patient safety, infection control, complaints, claims, patient information and internal and external regulation.

The multi-disciplinary Quality and Safety Committee meet on a quarterly basis and is attended by Mrs P Clark on behalf of the Board of Governors. All Governors are invited to attend and do so on an ad hoc basis.

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Structure, Governance and Management (continued)

This committee has responsibility for all quality and risk components and reviews all governance related reports looking at patient experience and safety, infection prevention and control, resuscitation, radiation protection safety, medicines management, clinical audit, and occupational health.

The committee receives and reviews proposals for new diagnostic and treatment offerings and is also provided with information on learning arising from incidents, audits, and assessments, and how findings are shared to support continuous improvement.

Risk Management

The Governors have an established Risk Management Framework which, supported by a Board Assurance Framework and the full Risk Register, aims to enhance the quality of services offered to patients. BHT recognises the need for robust systems and processes to support continuous risk management, enabling members of staff to integrate risk management into their daily activities and support better decision making through a good understanding of risks and their likely impact.

The Governors have set out in its risk management policy, its risk appetite and has adopted a formal risk matrix to allow risks to be fully understood and evaluated against that risk appetite. The following are considered the principal risks and included in the Hospital's Board Assurance Framework:

Risk	Mitigation
Society Service Changes Changes to the services provided by the Society to its Members may have a negative impact on income.	Under the growth objective of the Hospital's strategy, detailed plans have been put in place to develop alternative income streams to compensate for any income that could be lost as a result of any changes.
Quality of Care Failure to meet regulatory guidance could compromise the quality of care and treatment offered by BHT and could lead to suspension of regulated activity and financial penalties.	To mitigate this risk, a robust internal governance and assurance framework is maintained, demonstrating adherence with the necessary quality and safety standards. Prominence is placed on continuous improvement, providing the best possible patient care.
Cyber Security Cyber security risk is increasing, driven by global connectivity and use of cloud services. Cyber threats can come from any level in the organisation and could result in data theft/loss or corruption, leading to financial breaches, reputational damage, or disruption to services.	As BHT moves from fully on site, ringfenced IT systems to use of cloud-based solutions the Governors have recognised the need to significantly increase its cyber security cover. Investment has continued to be made throughout 2024 as part of an established IT plan in conjunction with the Society to ensure much greater control and scrutiny over cyber risk. Regular penetration testing and phishing exercises are carried out. BHT holds Cyber Essentials Plus accreditation.

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Structure, Governance and Management (continued)

Risk	Mitigation
Self-Pay Market Risk Recent market data from the Private Healthcare Information Network (PHIN) indicates that since its peak following COVID, the UK market for Self-Pay treatments has started to decline.	In addition to growing Self-Pay services, with investment in new technology such as the ROSA robot, the Hospital is expanding services offered to NHS patients in order to mitigate the risk of declining Self-Pay demand. In December 2024 the hospital reintroduced Gynaecological services for NHS patients, an area of specific concern in the current NHS backlog.

Management

The strategy of the Charitable Company is set by the Governors and implemented by the Hospital Executive. The Strategic Report, as required by the Companies Act, is included in this Governor's Report. The Governors met formally on a total of 5 occasions during 2024 (2023 : 6). The Governors approved the strategies and major policies related to the running of the Hospital, including the Standing Financial Instructions and the budget for the year ending 31 December 2024.

The Governors monitor performance in all key areas through key performance indicators and receive regular reports on Activity, Finance, Complaints, Risk Management, Governance, and Health & Safety from the Hospital Executive.

Attendance at Meetings

The record of attendance at Board and major Board Committee Meetings during the year ended 31 December 2024 is stated in the table below:

	Board		Audit Committee		Rem & Nom Committee	
	Called to	Attended	Called to	Attended	Called to	Attended
Ms A Hays	5	5	-	-	2	2
Mr R Andrews	2	2	-	-	-	-
Mrs P Clark	5	4	3	3	2	2
Ms M Dodd	3	3	1	1	1	1
Mrs K Horsford	2	2	-	-	1	1
Dr D Marmion	5	3	-	-	-	-
Mr A Pilgrim	5	4	4	4	-	-
Mr P Rich	5	5	4	4	-	-

The Board of Governors Annual Report 2024

Insurance of Governors

The Hospital maintains insurance for the Governors in respect of their duties as directors and Governors.

Taxation

The Benenden Hospital Trust is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the Charitable Company is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the current financial year (2023: £nil).

Governors' Responsibilities in Relation to the Financial Statements

The Governors (who are also Directors of the Benenden Hospital Trust for the purposes of company law and are also Trustees of the Benenden Hospital Trust) are responsible for preparing a Governor's annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Governors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing the financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included in the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board of Governors Annual Report 2024

Section 172 Report

The Governors recognise the best practice outlined in section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Hospital for the benefit of all its stakeholders including its employees, suppliers, customers, community and environment. In doing so, they will have regard to:

- a. The likely consequences of any decision in the long term – as set out on page 9, the Hospital has developed an integrated Vision and Strategy which will prepare the Hospital for the future.
- b. The interests of the Hospital's employees – as set out on page 5, the Hospital places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them.
- c. The need to foster the Hospital's business relationships with suppliers, customers and others – throughout 2024 the Hospital has worked closely with its suppliers to ensure that the Hospital has not been adversely impacted by stock shortages. As noted on page 5 the Hospital engages with its consultant colleagues through the Medical Advisory Committee. The Hospital meets regularly with the Society as well as its key NHS and Private Medical Insurance customers to ensure it continues to meet their needs.
- d. The impact of the Hospital's operations on the community and environment – as noted on page 17, the Hospital has completed a number of initiatives in 2024 to reduce its impact on the environment.
- e. The desirability of the Hospital maintaining a reputation for having high standards of business conduct – the Hospital's values, which determine the way that BHT acts at all times, are set out on page 5. The Hospital is very proud to have maintained its Outstanding rating with the Care Quality Commission. The Board of Governors review both safety and patient experience each time they meet.
- f. The need to act fairly between these stakeholders of the Charitable Company – as noted on page 5, the Hospital prides itself on providing equal employment opportunities for all. As set out on page 4 the objectives of the Charitable Company are to provide treatment to members of the Society, their nominees and anybody else that the Governors consider in need.

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Streamlined Energy and Carbon Reporting

In accordance with the Streamlined Energy and Carbon Reporting ("SECR") requirements, the Hospital sets out its emissions for the years ended 31 December 2023 and 2024 below. The main metric we use to understand our emissions is our carbon footprint, measured in tCO₂e (tonnes of carbon dioxide equivalent). Despite a significant reduction in emissions from anaesthetic gases, both Scope 1 and Scope 2 emissions increased in 2024 as a result of higher usage of electricity and diesel and higher losses of air-conditioning gases. The largest use of electricity is the hospital's air source heat/cooling pumps. Usage increased in 2024 as a result of a warmer than normal spring and a cold autumn, particularly in November. Red diesel is used to fuel the hospital's backup generator which was used more in 2024 due to intermittent issues with the electricity supply.

	2024 Tonnes CO ₂ e	2023 Tonnes CO ₂ e
Operational Emissions		
Scope 1 Combustion of gas and diesel	682.90	653.10
Scope 1 Anaesthetic gases	20.30	102.75
Scope 1 Air-conditioning gases	156.23	86.58
Scope 1 Passenger Vehicles	0.12	0.12
Scope 2 Purchased electricity (location based)	579.16	511.79
Total	1,438.71	1,354.34
Intensity Ratio – revenues (per £million)	29.84	27.34
Intensity Ratio – patient appointments (per appointment)	0.020	0.019
Intensity Ratio – patient admissions (per admission)	0.16	0.13
Total Energy Used (MWh)	6,239.86	6,092.51

Methodology

We have followed the government's guidelines on Streamlined Energy and Carbon Reporting.

We buy all of our gas and electricity directly and have used kWh figures from our providers. We have estimated carbon emissions based on the government's conversion factors.

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Streamlined Energy and Carbon Reporting (continued)

Usage of anaesthetic gases has been calculated based on purchases of each type of gas in the year. We have estimated carbon emissions using the Royal College of Anaesthetists' emissions calculator which is itself based on the government's conversion factors. Allowance has been made for the amount of anaesthetic gases captured by the hospital's gas capture system.

Intensity Ratio

We have used revenue, number of patient appointments and number of patient admissions to calculate the emissions intensity ratio as these reflect the level of activity at the Hospital.

Energy Efficient Actions

The following actions were completed in 2024 to reduce the Hospital's impact on the environment:

- The Hospital ceased using Nitrous Oxide as an anaesthetic gas in April 2024. This reduced emissions in the year by 79.90 tonnes of CO₂e.
- In March 2024 the Hospital installed the SageTech gas capture system in all three of the operating theatres. Since installation this has captured 3.82 tonnes of CO₂e. As the system was only in operation for part of 2024 the volume of emissions captured will increase in 2025.
- Phase 1 of a programme to replace traditional light bulbs with LED was completed in October 2024. Phase 1 targeted the lights with the highest usage in the Hospital. A second phase will be carried out in 2025.
- To encourage staff to use electric vehicles to commute to the Hospital, the introduction of a salary sacrifice EV scheme and the installation of EV chargers in the Hospital's car park, were approved in 2024 and will be implemented in 2025.

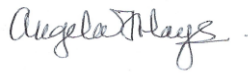
The Board of Governors Annual Report 2024

Statement as to Disclosure to our Auditor

In so far as the Governors are aware at the time of approving our Governors' Annual Report:

- There is no relevant information, being information needed by the Auditor in connection with preparing their report, of which the Charitable Company's auditor is unaware; and
- The Governors, having made enquiries of fellow directors and the Charitable Company's Auditor that they ought to have individually taken, have each taken steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

By order of the Board of Governors



Ms Angela Hays

Chair of the Board of Governors of the Benenden Hospital Trust

13 May 2025

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Report on the audit of the Financial Statements

Opinion

In our opinion, The Benenden Hospital Trusts financial statements (the "financial statements"):

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2024; the statement of financial activities (incorporating an income and expenditure account), the cash flow statement for the year then ended 31 December 2024; the accounting policies; and the notes to the financial statements, which include a description of significant accounting policies/ comprising material accounting policy information and other explanatory information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Conclusion relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Charitable Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Board of Governors Annual Report, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

The Board of Governors Annual Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Board of Governors Annual Report for the period ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

In light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Board of Governors Annual Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Governors for the financial statements

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 Governors are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Charitable Company and its industry, we identified the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the UK Charities Act, UK Companies Act, and tax legislation. 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 journals to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

Independent Auditor's Report to the Members of The Benenden Hospital Trust

- enquiring with management, Internal Audit and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- understanding and evaluating the Charitable Company's control environment specifically as it relates to preventing and detecting irregularities and fraud;
- reviewing correspondence with regulators, including the Charities Commission and the Care Quality Commission;
- identifying and testing journal entries, including journal entries posted with unusual account combinations to income and expenditure accounts; and
- assessing significant accounting judgements and estimates in the financial statements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

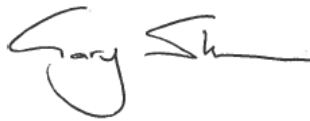
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior statutory auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

13 May 2025

Statement of Financial Activities

For the year ended 31 December 2024

	Notes	Restricted Funds 2024 £'000	Unrestricted Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Income & Endowments from					
Donations and Legacies	3	-	35	35	357
Income from Charitable Activities		-	47,498	47,498	48,661
Other Trading Activities		-	378	378	406
Interest Received		-	307	307	106
Total Income		-	48,218	48,218	49,530
Expenditure on Charitable Activities					
	4	-	(48,708)	(48,708)	(48,902)
Net (Expenditure)/Income & Net movement in funds for the year	6	-	(490)	(490)	628
Reconciliation of Funds					
Total Funds Brought Forward		59	15,821	15,880	15,252
Total Funds Carried Forward	14,15	59	15,331	15,390	15,880

All activities continue to relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year and the prior year.

The notes on pages 27 to 44 form part of the financial statements. See note 13 for a comparative Statement of Financial Activities for the year ended 31 December 2023 analysed by funds.

Balance Sheet

As at 31 December 2024

	Notes	2024 £'000	2023 £'000
Fixed Assets			
Tangible Assets	8	7,189	7,866
Intangible Assets	9	714	1,114
		7,903	8,980
Current Assets			
Stock	10	898	669
Debtors	11	3,181	3,506
Cash at Bank & in Hand	18	7,058	6,676
		11,137	10,851
Total Current Assets			
Creditors			
Amounts Falling Due Within One Year	12	(3,650)	(3,951)
		7,487	6,900
Net Current Assets			
Net Assets	15	15,390	15,880
The Funds of the Charity			
Restricted Funds	14	59	59
Unrestricted Funds	14	15,331	15,821
		15,390	15,880
Total Charity Funds			

These Financial Statements of The Benenden Hospital Trust were approved by the Governors and authorised for issue on 13 May 2025 and signed on its behalf.



Ms Angela Hays
Chair of the Board of Governors of The Benenden Hospital Trust

The notes on pages 27 to 44 form part of these Financial Statements

Cash Flow Statement

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Net Cash Flow from Operating Activities	16	976	2,615
Cash Flows from Investing Activities			
Returns on Investments	17	307	106
Capital Expenditure	17	(901)	(1,006)
Cash used in Investing Activities		(594)	(900)
Increase in Cash & Cash Equivalents in the Year		382	1,715
Cash & Cash Equivalents at the Start of the Year		6,676	4,961
Total Cash & Cash Equivalents at the End of the Year	18	7,058	6,676

The notes on pages 27 to 44 form part of these Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2024

1 Statement of Accounting Policies

a. Basis of Preparation of Financial Statements

The Benenden Hospital Trust, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 5 Governors or Trustees who are also members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The Charitable Company is a registered charity. The registered office is given on page 10.

The Financial Statements are prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 – effective 1 January 2019) and the Companies Act 2006. The Benenden Hospital Trust (“BHT” or “Hospital” or “the Charitable Company”) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b. Preparation of the Accounts on a Going Concern Basis

The accounting rules require the Governors to assess, as part of the accounts production process, the Hospital's ability to continue as a going concern.

On an on-going basis BHT monitors performance against the annual budget and reviews the out-turn position. During the year 3 updated quarterly forecasts are prepared taking account of the actual performance to date, latest demand estimates and run rates for income and expenses

The Governors have considered the latest forecast, based on actuals to 28 February 2025, against the original budgeted/planned position to 31 December 2025. Currently it is not expected that the Hospital will require any further support from the Society but support up to a level of £5m is available if required to enable the Hospital to meet its obligations as they fall due.

On 7 February 2025 the Charitable Company entered into an agreement with the Society for the transfer of the business and the assets of the Hospital to a subsidiary of the Society. This transaction is not as a result of any financial issues and there is no intention for the business of the hospital to cease at any time in the future. The transaction has been approved by the Charity Commission and is expected to complete before the end of 2025.

After the transaction is complete the Charitable Company will continue to operate with the objective of the improvement of health and wellbeing of the patients of Benenden Hospital, e.g. through the donation of medical equipment.

Having considered the future financial projections and the funding support provided by the Society to support the financial operations, the Governors have a reasonable expectation that the Charitable Company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

1 Statement of Accounting Policies

c. Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes.

d. Income from Charitable Activities

Income is recognised in the period in which the Hospital has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income generated from patient services in the operation of an independent hospital is recognised to the extent that it is probable that the economic benefits will flow to the Hospital and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

e. Donations & Legacies

Donations are recognised when the Hospital has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is recognised where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Hospital and it is probable that those conditions will be fulfilled in the reporting period.

Donations received from the Society in 2023 were used to fund capital expenditure and support winter fuel payments from Jan to Mar 2023. No such donations were received in 2024.

Legacies are included in the statement of financial activities when the Hospital is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

f. Interest Received

Interest on funds held on deposit is accrued as earned and added to the source fund

Notes to the Financial Statements

For the year ended 31 December 2024

1 Statement of Accounting Policies

g. Income from Other Trading Activities

Income from other trading activities comprises revenue recognised by the Charitable Company in respect of goods and services supplied during the year, principally income from the Hospital canteen, exclusive of Value Added Tax and trade discounts.

h. Expenditure on Charitable Activities

All expenditure is accounted for on an accruals basis and is included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

i. Pensions

BHT and the Society are participating employers in a pension scheme ("the scheme") which provides both a defined benefit and a defined contribution pension scheme that is contracted out of the State Scheme.

The funds held under the defined benefit scheme are valued every three years by a professionally qualified independent actuary, with the rates of contribution payable then determined by the Pension Trustees on the advice of the independent actuary. The last actuarial valuation was performed on 31 March 2023 by Hymans Robertson LLP. The Society is the principal employer and, in line with FRS102, is considered the sponsoring employer of the scheme as it recognises the net defined benefit cost of the scheme and there is no contractual agreement or stated policy for recharging the section 28 net defined benefit cost. Consequently, the Society has recognised the FRS102 deficit of £6,802k (2023: £12,130k) at 31 December 2024, of which BHT's share is £5,170k (2023: £9,219k). The Board of Governors agreed that the Hospital would make deficit payments in relation to the pension and payments which started in March 2021.

Further details of the Group defined benefit scheme are disclosed in note 21 of the financial statements of the Society.

The pension deficit payments are recognised in the statement of financial activities as they are incurred. The Charitable Company recognised a total pension cost in the year ended 31 December 2024 of £2,418k (2023 : £3,144k).

j. Operating Leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Notes to the Financial Statements For the year ended 31 December 2024

1 Statement of Accounting Policies

k. Tangible Fixed Assets & Depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

The Capitalisation Policy capitalises individual equipment purchases or groups of like purchases with a value of £5,000 or greater.

Depreciation is calculated to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold Improvements	4%
Medical Equipment	20%
Computer Equipment	33%
Fixtures & Fittings	14%
Motor vehicles	25%

l. Intangible Fixed Assets & Depreciation

Intangible fixed assets represent computer software and licences. The cost of these assets is their purchase cost, together with any incidental costs of acquisition such as development and implementation costs.

Computer software and licences are amortised on a straight-line basis over their expected useful economic life, at an annual rate of 20%.

m. Stock

Medical consumables and pharmacy stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

n. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o. Cash at Bank & in Hand

Cash at bank and in Hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p. Trade Creditors & Provisions

Trade creditors and provisions are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the Financial Statements

For the year ended 31 December 2024

1 Statement of Accounting Policies

q. Financial Instruments

BHT does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from trade debtors and payables to trade creditors and suppliers. The recognition of trade debtors and trade creditors is at cost. Deferred Income, accruals and prepayments are recognised at the amortised cost.

Financial assets and financial liabilities are recognised when the hospital becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Hospital intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires. Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2024

2 Critical Judgements & Key Sources of Estimation Uncertainty

Preparation of the financial statements requires the Governors and management to make judgements and estimates. The items in the financial statements where these critical accounting judgements have been made include:

- **Pensions;** Assets of the scheme are held in The Benenden Healthcare Pension Plan. The Scheme also administers the pension arrangements of the Society. Under FRS102 the Society is considered to be the sponsoring employer, as it recognises the net defined benefit cost, and as such the Society has recognised the whole deficit of £6,802k (2023: £12,130k) as the deemed sponsoring employer. At 31 December 2024 the deficit attributable to BHT was £5,170k (2023: £9,219k). In January 2021 BHT entered into an agreement with the scheme and the Society whereby BHT would make deficit payments in relation to the pension and payments started in March 2021.

Notes to the Financial Statements

For the year ended 31 December 2024

3 Donations and Legacies

	2024 £'000	2023 £'000
Legacies	20	1
Donations – Benenden Healthcare Society	-	331
Donations – Rising Mercury Society	15	25
Total Donations & Legacies	35	357

There were no restrictions placed on any funds from Donations and Legacies received in 2024.

4 Analysis of Resources Expended by Expenditure Type

	Note	2024 £'000	2023 £'000
Staff Costs	7	17,459	16,864
Depreciation & Amortisation		1,988	2,156
Clinical Consultants Fees		11,668	12,424
Medical Consumables		7,246	7,164
Clinical Service Contracts		672	674
Governance Costs	5	187	245
Marketing & Business Development		531	507
Rent Payable to Benenden Society		2,738	2,600
IT Service Costs		2,197	2,018
Hospital Services		4,022	4,250
Total Expenditure by Type		48,708	48,902

Costs incurred in raising charitable funds are immaterial.

Notes to the Financial Statements For the year ended 31 December 2024

5 Governance Costs

	2024 £'000	2023 £'000
Auditor's remuneration – current year	137	125
Auditor's remuneration – prior years	-	49
Internal audit costs	31	58
Legal costs	19	13
	187	245

6 Net (Expenditure)/Income

Net (expenditure)/income is stated after charging:

	Note	2024 £'000	2023 £'000
Depreciation of Tangible Fixed Assets	8	1,588	1,758
Amortisation of Intangible Fixed Assets	9	400	399
Operating Lease Rentals	19	62	59
Property Lease Rentals	19	2,738	2,600

Notes to the Financial Statements

For the year ended 31 December 2024

7 Employees, Staff & Agency Costs

Average monthly number of people employed was as follows:

	2024 Number	2023 Number
Clinical Staff	194	190
Clinical Support Staff	95	87
Administrative Staff	122	121
Total Staff Excluding Bank Staff	411	398
Average bank staff paid in a month	54	54
Average bank staff not paid in a month	25	29
Total Bank Staff	79	83
Average FTEs (Permanent Staff)	337	328
Average FTEs (Bank Staff)	13	15
Average Monthly Full Time Equivalent Employees	350	343

Staff and agency costs were as follows:

	2024 £'000	2023 £'000
Staff Costs	12,893	11,614
Social Security Costs	1,204	1,067
Pension Costs – Defined Benefit	1,550	1,800
Pension Costs – Defined Contribution	868	1,344
Redundancy Costs (including payment in lieu of notice)	73	171
Agency Staff	871	868
Total Staff & Agency Costs	17,459	16,864

Notes to the Financial Statements

For the year ended 31 December 2024

7 Employees, Staff & Agency Costs (continued)

The number of employees whose emoluments excluding pension contributions and employers' national insurance, but including benefits in kind, were in excess of £60,000 in the period was as follows:

	2024 Number	2023 Number
£60,000 to £70,000	6	6
£70,001 to £80,000	5	2
£80,001 to £90,000	-	1
£100,001 to £110,000	1	-
£110,001 to £120,000	-	1
£120,001 to £130,000	3	1
£130,001 to £140,000	-	1
£160,001 to £170,000	1	-
£220,001 to £230,000	-	1

The key management personnel of BHT are the Governors and the Hospital Executive as set out on page 9. The charity trustees/Governors were not paid and did not receive any other benefits from employment with BHT during 2024 (2023: £nil).

The Hospital Executive received total employee benefits of £754k in 2024 (2023: £733k) of which the Hospital Director was the highest paid employee receiving total employee benefits of £178k (2023: £241k) including £14k in employer's pension contributions (2023: £17k).

8 Tangible Fixed Assets

	Leasehold Improvements £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2024	11,022	14,754	85	25,861
Additions	54	857	-	911
Disposals	-	(52)	-	(52)
At 31 December 2024	11,076	15,559	85	26,720
Depreciation				
At 1 January 2024	5,797	12,113	85	17,995
Charge for the Year	444	1,144	-	1,588
Disposals	-	(52)	-	(52)
At 31 December 2024	6,241	13,205	85	19,531
Net Book Value				
At 31 December 2024	4,835	2,354	-	7,189
At 31 December 2023	5,225	2,641	-	7,866

Notes to the Financial Statements

For the year ended 31 December 2024

9 Intangible Fixed Assets

	Computer software & licences £'000
Cost	
At 1 January 2024	2,006
Additions	-
At 31 December 2024	2,006
Depreciation	
At 1 January 2024	892
Charge for the Year	400
At 31 December 2024	1,292
Net Book Value	
At 31 December 2024	714
At 31 December 2023	1,114

10 Stock

	2024 £'000	2023 £'000
Pharmacy Stock	99	56
Medical Consumables Stock	799	613
Total Stock	898	669

There is no material difference between the carrying value of stock and its replacement cost.

Notes to the Financial Statements

For the year ended 31 December 2024

11 Debtors

	2024 £'000	2023 £'000
Trade Debtors	733	759
Amounts due from Related Parties	1,558	2,042
Accrued Income and Prepayments	890	705
Total Debtors	3,181	3,506

At 31 December 2024 the total of all amounts due to BHT from the Society was £1,558k (2023: £2,042k) relating to December 2024 activity. Amounts due from the Society are repayable on the 25th of the month following the activity and do not incur interest.

12 Creditors: Amounts Falling Due Within One Year

	2024 £'000	2023 £'000
Trade Creditors	1,301	1,661
Amounts Due to Related Parties	83	67
Taxation and Social Security	297	288
Other Creditors	101	123
Accruals and Deferred Income	1,868	1,812
Total Creditors	3,650	3,951

Included in Other Creditors is a provision for professional fees relating to insurance claims of £60k (2023: £94k).

Accruals and Deferred income include an amount of £515k (2023: £413k) representing amounts received from Private Patients in advance of treatments being carried out.

Notes to the Financial Statements

For the year ended 31 December 2024

13 Comparative Statement of Financial Activities

The Statement of Financial Activities for the year ended 31 December 2023 analysed by funds is set out below:

	Restricted Funds 2023 £'000	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000
Income & Endowments from			
Donations and Legacies	-	357	357
Income from Charitable Activities	-	48,661	48,661
Other Trading Activities	-	406	406
Interest Received	-	106	106
Total Income	-	49,530	49,530
Expenditure on Charitable Activities	-	(48,902)	(48,902)
Net Income & Net movement in funds for the year	-	628	628
Reconciliation of Funds			
Total Funds Brought Forward	59	15,193	15,252
Total Funds Carried Forward	59	15,821	15,880

14 Statement of Funds

	Brought Forward 1 Jan 2024 £'000	Incoming Resources £'000	Resources Expended £'000	Carried Forward 31 Dec 2024 £'000
Designated Funds	-	-	-	-
General Funds	15,821	48,218	(48,708)	15,331
Unrestricted Funds	15,821	48,218	(48,708)	15,331
Restricted Funds	59	-	-	59
Total of Net Assets	15,880	48,218	(48,708)	15,390

Notes to the Financial Statements

For the year ended 31 December 2024

15 Analysis of Net Assets Between Funds

	Restricted Funds 2024 £'000	Unrestricted Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Fixed Assets	-	7,903	7,903	8,980
Current Assets	59	11,078	11,137	10,851
Current Liabilities	-	(3,650)	(3,650)	(3,951)
Total of Net Assets	59	15,331	15,390	15,880

16 Net Cash Flow from Operating Activities

	2024 £'000	2023 £'000
Net Incoming Resources	(490)	628
Returns on Investments & Servicing of Finance	(307)	(106)
Depreciation of Tangible Fixed Assets	1,588	1,758
Amortisation of Intangible Fixed Assets	400	399
Profit on Disposal of Tangible Fixed Assets	(10)	(38)
(Increase) in Stocks	(229)	(141)
(Increase)/Decrease in Debtors	(159)	70
Decrease/(Increase) in Amounts Owed by Related Parties	484	(223)
(Decrease)/Increase in Trade Creditors	(360)	636
Increase/(Decrease) in Amounts Owed to Related Parties	16	(328)
Increase in Social Security & Other Taxes	9	17
Increase/(Decrease) in Other Creditors, Accruals and Deferred Income	34	(57)
Net Cash Inflow from Operations	976	2,615

Notes to the Financial Statements

For the year ended 31 December 2024

17 Analysis of Cash Flows for Headings Netted in Cash Flow Statement

	2024 £'000	2023 £'000
Returns on Investments		
Interest Received	307	106
Capital Expenditure		
Purchase of Tangible Fixed Assets	(911)	(1,044)
Purchase of Intangible Fixed Assets	-	-
Proceeds from Sale of Tangible Fixed Assets	10	38
	(901)	(1,006)

18 Analysis of Changes in Net Debt

	1 January 2024 £'000	Cash Flow £'000	31 December 2024 £'000
Cash at Bank & in Hand	6,676	382	7,058
Total Net Funds	6,676	382	7,058

19 Financial Commitments

At 31 December 2024 the Charitable Company had total commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Amounts Due:				
Within 1 year	2,837	2,738	62	62
Between 1 and 5 years	11,346	10,951	68	129
After more than 5 Years	36,875	38,330	-	-
	51,058	52,019	130	191

Notes to the Financial Statements

For the year ended 31 December 2024

20 Financial Instruments

The charity uses financial instruments to invest liquid asset balances and generate income through the return generated by these financial instruments.

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost. The table below analyses the charity's assets and liabilities at 31 December 2024 by financial classification:

	Loans & Receivables £'000	Held at amortised cost Financial assets & liabilities at amortised cost £'000	Total £'000
Financial Assets			
Cash and cash equivalents	7,058	-	7,058
Amounts receivable for medical services	733	-	733
Other Assets	-	11,249	11,249
Total Financial Assets	7,791	11,249	19,040
Financial Liabilities			
Amounts owed to suppliers	-	1,301	1,301
Other Liabilities	-	2,349	2,349
Total Financial Liabilities	-	3,650	3,650

21 Pension Obligations

The charity participates in a defined benefit and defined contribution scheme (please note that the defined benefit scheme closed for future accruals at 31 December 2018 with no more contributions to it from 1 January 2019).

The total net cost for the charity for the year was £2,418k (2023: £3,144k), of which £1,550k (2023: £1,800k) was in respect of payments to the defined benefit scheme and £868k (£1,344k) was in respect of the defined contribution plan.

Assets of the defined benefit pension scheme ("the scheme") are held in The Benenden Healthcare Pension Plan. The scheme also administers the pension arrangements of the Society. The scheme is currently in significant deficit and requires the Benenden Hospital Trust to make extra contributions to the scheme as part of the recovery plan. The actuaries have confirmed that it is possible to separate the BHT's assets and liabilities in the scheme and at 31 December 2024 the deficit attributable to BHT was £5,170 k (2023: £9,219k). However, disclosure in these accounts is made on the basis that it is a defined benefit scheme with the deficit of £6,802k (2023: £12,130k) being recognised by the deemed sponsoring employer, the Society.

Notes to the Financial Statements

For the year ended 31 December 2024

22 Related Party Transactions

The Benenden Hospital Trust ("BHT") is a controlled body of The Benenden Healthcare Society Limited ("Society") who are an incorporated friendly society, registered under the Friendly Societies Act 1992, registered number 480F. Control is exercised by the Society through the power to appoint or remove the majority of the Hospital's trustees and by the Society being a member of the Hospital Trust. The Society's principal activity is the provision of medical and well-being services to its members.

The Society had the following transactions with the Charitable Company during the year ended 31 December 2024:

- (a) The Society made cash donations to the Charitable Company of £nil (2023: £331k).
- (b) The Society paid the Charitable Company for its members to be treated at the hospital to a value of £27,989k (2023: £30,037k).
- (c) The Society paid the Charitable Company for miscellaneous costs to a value of £13k (2023: £30k).
- (d) The Society charged the Charitable Company rent of £2,738k (2023: £2,600k) for the use of the hospital site.
- (e) The Society recharged the Charitable Company for insurance costs of £482k (2023: £408k), for audit costs of £31k (2023: £58k), for costs of employee membership to the Society of £67k (2023: £56k) and for IT costs of £881k (2023: £783k).

BHT leases the hospital site from the Society under a 25 year lease which commenced on 1 January 2018 and expires in July 2042, with annual rent starting at £3,103k and subject to annual increases in line with RPI. The lease was revalued at 31 January 2021 and the annual rental reduced to £2,300k. In accordance with the lease terms, a market rent review was carried out in November 2023 and the annual rent revalued at £2,600k. Future rental payments will continue to be subject to annual increases in line with RPI and market valuation every 5 years.

At 31 December 2024 the total of all amounts due to BHT from the Society was £1,558k (2023: £2,042k).

At 31 December 2024 the total of all amounts due from BHT to the Society was £83k (2023: £67k).

The consolidated accounts for the Society are available at www.benenden.co.uk/about-benenden.

Notes to the Financial Statements

For the year ended 31 December 2024

23 Events After The Balance Sheet Date

On 7 February 2025 the Charitable Company entered into an agreement with the Society for the transfer of the business and the assets of the Hospital. The agreed consideration for the sale of the hospital is £1 plus the assumption by the Society of the full amount of the deficit of the Benenden Healthcare Pension Plan (see note 21). The transaction has been approved by the Charity Commission and is expected to complete before the end of 2025.

Accounts

The Benenden Hospital Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 December 2023

Registered Number: 03454120

Charity Number: 1065995

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The Board of Governors Annual Report 2023

The Board of Governors (who are Directors of the Benenden Hospital Trust for the purposes of the Companies Act 2006 and are also Trustees of the Benenden Hospital Trust) present their Annual Report and audited Financial Statements of The Benenden Hospital Trust ("BHT" or "Charitable Company" or "Hospital") for the year ended 31 December 2023.

The Annual Report and Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's Report

This year the Hospital has seen a significant increase in demand for its services, not only from The Benenden Healthcare Society Limited ("Society") members but also from private and NHS patients. More patients than ever attended the Hospital with over 71,000 appointments and 10,500 patient admissions and as a result, we were able to grow our total income by 17% including an uplift in NHS income by 32% compared to 2022. The year ended with a surplus of £0.63m, and a healthy balance sheet and cash position. This is an important step to the Hospital becoming more self-sufficient with less reliance on the Society for financial support.

The Hospital made excellent progress implementing its 5-year plan which underpins its 2028 Vision. A key objective of the strategy is to build the Hospital's capabilities and focus on our strengths. We have done this by investing in innovative technology, acquiring two clinical robots. The first provides Aquablation treatment for enlarged benign prostates which has already exceeded its projected income targets. Then more recently a robotic assisted knee replacement service, very timely as for the first time the orthopaedic team performed over 1,000 joint replacements in a year. We have grown our Plastic Surgery specialty by engaging additional clinicians and expanding the range of services offered.

Another key strategic objective is to create a sustainable future for the Hospital, so in 2023 we completed a base line exercise to measure its carbon footprint and implemented a plan to achieve net zero for scope 1 and 2 carbon emissions by 2050. As part of that plan, we started the installation of a gas capture system in the operating theatres to prevent damaging anaesthetic gases being released into the atmosphere. The implementation was completed in early 2024 with the Hospital becoming the first independent private hospital in the UK with this system.

Despite the ongoing challenge of a shortage of clinical staff we have the lowest number of vacancies in our workforce for some years. We believe this is because we continue to value and support the physical and mental wellbeing of our staff and were able to provide most staff with financial support for winter fuel payments through to March 2023. The Hospital holds a "We invest in wellbeing" Silver award, which reflects all aspects of employee wellbeing.

A highly successful Best of Benenden Awards Ceremony was held in November with the largest ever number of award nominations. This event is where we recognise and celebrate the outstanding contributions our staff make to the Hospital. These peer-nominated awards recognise excellence and innovation and honour the efforts of individuals and teams who embody the organisation's values and behaviours and those who make a significant positive impact at the Hospital.

Looking forward we continue to focus on how we can best help our Society members and patients, support our Hospital colleagues and develop our business, looking for opportunities to broaden the services we offer and collaborate with our Society colleagues.

The Board of Governors Annual Report 2023

A significant change for us in 2024 is that Jane Abbott, our Hospital Director, is retiring in June. Jane joined Benenden Hospital in March 2003 and was promoted to Hospital Director in May 2009 and has had a long and outstanding career with us. Under Jane's excellent leadership the hospital underwent a complete redevelopment, during which it achieved a CQC Outstanding rating which it has retained and is the only independent hospital in Kent to hold this rating. In addition, Jane has led the achievement of numerous clinical certifications and people awards. Continuing the Hospital's history of innovation, Jane championed the use of webinars and social media to promote the services offered and the Introduction of our first robots. Jane leaves a much improved hospital with an exemplary quality and patient focused service provision and culture. On behalf of the Board of Governors and all Hospital colleagues I would like to thank Jane for her immense contribution and achievements.

Claire Harley, formerly our Director of Patient Services, succeeds Jane. Claire joined the hospital in May 2010 and has played a significant part in supporting Jane in the development of Benenden Hospital over that time. We are pleased to welcome Claire to her new role.

Finally, I would like to thank all the Hospital staff for their continued commitment, support and expertise which has not only enabled the Hospital to move forward with its strategy but maintain a welcoming environment, excellent care for our patients and delivered a net surplus in 2023.

Objectives and Activities

About Benenden Hospital Trust Limited

The principal objectives and activities of BHT are governed by its Articles of Association. The principal objective of the Trust is 'the relief of hardship caused by sickness, infirmity, disability or any medical condition in particular by the provision of surgical and medical treatment, nursing care and otherwise to the members of The Benenden Healthcare Society Limited ("Society"), their nominees and, if the Governors think fit, to other persons in need'.

In setting BHT's objectives and planning its activities the Governors have considered the Charity Commission's general guidance on public benefit.

Our Strategic Objectives

BHT's strategic objectives, which are underpinned by its values and mission are:

- Deliver excellence in everything we do
- Grow profitable income
- Develop our capability and increase our efficiency
- Committed to working towards a sustainable future

Our Activities

BHT is one of the main providers of surgical and medical treatment to members and nominees of the Society, which provides low cost health care to its members with membership open to all. In addition, services are provided to patients funding their own treatment as private patients either directly as Self-Pay, or through Private Medical Insurance cover. BHT is also an accredited NHS Provider with NHS patient referrals accepted for a range of specialties with local Clinical Commissioning Group (CCG) contracts in place.

The Board of Governors Annual Report 2023

BHT measures the success of its activities both in terms of financial performance and in terms of the number of patients treated during the year. An overview of the Hospital's Achievements and Performance is set out on page 6.

Political Contributions

BHT made no political contributions during the year (2022 : £nil).

Our Values

The Hospital's values determine the way that BHT acts at all times. Those values are:

- Be Caring
 - We know what we do matters
 - We're proud and enjoy what we do
 - We promote a culture of care, respect, compassion, and wellbeing
- Be Connected
 - We collaborate and share across teams, departments and the Hospital
 - We listen to understand each other and our patients' needs
 - We support one another by having open and honest conversations
 - We recognise that we're stronger together
- Be Brave
 - We embrace change
 - We challenge and ask "why" as well as "why not"
 - We always want to learn
 - We are not afraid of trying new concepts and ideas
- Be Smart
 - We approach problems with a solution mindset
 - We actively seek to improve and be better
 - We spend the Charitable Company's money wisely
 - We're invested in the future of the Hospital

Our People

BHT places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, a fortnightly internal newsletter (Connect), presentation of the Annual Operational Plan to all staff, and the Hospital engagement platform, Blink.

BHT prides itself in providing equal opportunities to all and welcomes applications from a diverse range of applicants, including those with disabilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Charitable Company continues and that appropriate training is arranged. It is the policy of the Charitable Company that the training, career development and promotion of all individuals is equal, as far as is possible.

BHT also values the opportunity to work in partnership with our consultant colleagues who support the hospital through engagement in the Medical Advisory Committee, specialty reviews and service development initiatives as well as providing high quality care to our patients.

The Board of Governors Annual Report 2023

Achievements and Performance

Performance

Demand for the Hospitals services has been high throughout the year across all patient channels. Activities are summarised below:

	2023 Number	2022 Number	Growth %
Referrals	36,054	29,872	+20.7%
Appointments	71,735	61,616	+16.4%
Admissions	10,514	9,351	+12.4%

The growth in activity levels was driven by high demand from Society members, an increase in NHS activities and continued growth in Self-Pay income.

Income from charitable activities can be analysed by channel as follows:

	2023 £'000	2022 £'000	Growth %
Income from:			
Society	30,037	25,474	+17.9%
NHS	7,699	5,813	+32.4%
Self-Pay	10,105	9,638	+4.8%
Private Medical Insurance	820	570	+43.9%
 Total income from charitable activities	 48,661	 41,495	 +17.3%

The Board of Governors Annual Report 2023

Financial Review

In the opinion of the Governors the overall level of activity and financial position of the Charitable Company remains satisfactory.

The Charitable Company's income for the year from all sources was £49,530k (2022: £43,082k) and within this total income are legacies received during the year amounting to £1k (2022: £418k). The Charitable Company's total expenditure for the year was £48,902k (2022: £44,371k). For the year, there was a net surplus of £628k (2022 net deficit of £1,289k). The net asset position at the 31 December 2023 was £15,880k (2022: £15,252k).

The Charitable Company's principal source of Income is from clinical services and treatment provided to Society members, private patients and NHS patients. In addition, BHT received voluntary donations of £331k (2022: £852k) from the Society as a contribution to support capital investment and to fund additional cost of living payments made to staff. The Charitable Company's Statement of Financial Activities for the year is set out on page 24.

Reserves Policy

As at 31 December 2023, BHT held £6.8m (2022: £5.1m) in free reserves (net assets excluding fixed assets and restricted funds). Although it is not required to do so by the Charities Commission these reserves are to cover the working capital requirement for at least one month.

BHT has a target Reserves Policy equivalent to 3.0 x monthly running costs (all hospital costs excluding directly variable costs). At 31 December 2023 the level of Reserves was equivalent to 2.8 x monthly running costs (2022: 2.3 x).

The current ratio (current assets: current liabilities) target of 2.0 was exceeded at 31 December 2023 with a ratio of 2.7 (2022: 2.4).

Going Concern

The Governors are required to assess the ability of BHT to continue as a going concern as part of the annual accounts production process (detailed information is provided in the going concern note within the Statement of Accounting Policies).

The Governors have considered, in detail, the forecasted financial position to the end of 2025, this being at least 12 months from the date of signing of the financial statements and based on the actual performance to 31 March 2024. The assessment has been made on a prudent view and this shows that cash levels are expected to remain above the monthly minimum target of £2m throughout this period. The Society has agreed, through a Letter of Comfort, to support the Hospital with a further £5m if required at any point during this period. The Governors are satisfied with the level of support that this letter provides.

In February 2022 the Society made an offer for the transfer of the business and the assets of the Hospital to a subsidiary of the Society. This proposed transaction is not as a result of any financial issues and there is no intention for the business of the hospital to cease at any time in the future.

The Board of Governors Annual Report 2023

On 7 May 2024 BHT received approval from the Charity Commission to proceed with the proposed transaction. However, the proposed transaction is still subject to approval by the Members of The Benenden Hospital Trust, as well as completion of other necessary regulatory and legal steps. At the date of signing the accounts, Members approval and regulatory consent are outstanding, and therefore both whether a transaction will occur, and the timing of any transaction, remain uncertain.

Having considered the uncertainties, future financial projections and the funding provided by the Society to support the financial operations, the Governors have determined that it remains appropriate to adopt the going concern basis in preparing the financial statements.

However, given the proposed transaction with the Society to transfer the assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The Board of Governors Annual Report 2023

Future Plans

Vision

The vision of BHT is to be the South East's leading private hospital, renowned for excellence.

Strategy

The Hospital's 5-year plan for 2023 to 2028 is based on four key strategic imperatives which the Governors believe will ensure that BHT continues to meet its objectives

- Deliver excellence in everything we do
- Grow profitable income
- Develop our capability and increase our efficiency
- Commitment to working towards a sustainable future

Excellence

Our workforce plan will ensure that the Hospital has the resources and skills to continue to deliver outstanding patient care through all stages of the patient pathway. We will commence a capital renewal programme in 2024 to ensure that our facilities remain up to date in the future.

Growth

We continue to develop existing services and add new ones, for example in Plastic/Cosmetic surgery, and we work closely with the NHS and Private Medical Insurers to better serve their patients.

In December 2023 the Society made changes for those Society members in what is known as the "outer catchment area" which means that they will no longer be required to use the Hospital for treatment and can instead be referred to a local hospital. This will reduce Society income by approximately £1.5m in 2024.

In addition, from 1 January 2024 the Society removed the treatment of varicose veins from the list of treatments that it would provide for members. This will reduce Society income by approximately £1.5m in 2024.

BHT's growth objectives will ensure that the Hospital is able to develop new income streams to replace the lost income.

Capability and Efficiency

We will continue to invest in systems and processes that improve the Hospital's efficiency and ensure that the Charitable Company's money is spent wisely. This has included investment in two robots in 2023, for the provision of robotic assisted knee replacement surgery and for Aquablation treatment of enlarged benign prostates.

Sustainability

BHT is committed to working towards a sustainable future, not only environmentally but also socially and from a governance perspective. During 2024 plans will include replacement of lighting with energy efficient LED bulbs and the installation of EV chargers.

The Board of Governors Annual Report 2023

Reference and Administrative Information

The Board of Governors

- Ms A Hays (Chair)
- Mr R Andrews (resigned 25 April 2024)
- Mrs P Clark
- Dr D Marmion (appointed 5 July 2023)
- Mrs K Horsford (resigned 30 June 2024)
- Mr A Pilgrim
- Mr P Rich
- Ms M Dodd (appointed 21 June 2024)

Hospital Executive

- Mrs J Abbott: Hospital Director until 16 April 2024
- Ms M Anderson: Director of Human Resources & Organisational Development
- Mr A Chipperfield: Medical Director from 6 March 2024
- Mr M Cowling: Chief Information Officer (Society)
- Mrs C Harley: Director of Patient Services until 16 April 2024, Hospital Director from 17 April 2024
- Mr P Puxty: Finance Director
- Mrs A Turner: Director of Clinical Services from 1 April 2024
- Miss V Smith: Director of Operations from 16 May 2024

External Auditors

Deloitte LLP
Hanover Building, Corporation St, Manchester M4 4AH.

Internal Auditors

RSM Risk Assurance Services LLP
5th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Bankers

National Westminster Bank PLC
South Essex Commercial Office, 3rd Floor Phoenix Place, Christopher Martin Road, Basildon,
SS14 3GQ

Solicitors

Brachers LLP
Somerfield House, 59 London Road, Maidstone, ME16 8JH

The Board of Governors Annual Report 2023

Registered Office & Business Address

The Benenden Hospital Trust
Goddard's Green Road, Benenden, Cranbrook, TN17 4AX

Telephone: 01580 230661

Website: www.benendenhospital.org.uk

Registered number: 3454120

Charity number: 1065995

Structure, Governance and Management

Structure

BHT was incorporated in the United Kingdom on 23 October 1997 (company number 3454120) and was registered as a Charitable Company by the Charity Commissioners on 20 November 1997 (registered number 1065995). The Articles of Association, as amended by a special resolution dated 27 February 2014, govern the Charitable Company.

On the 1 July 2003 BHT became a controlled body of The Benenden Healthcare Society Limited which is an incorporated Friendly Society, registered under the Friendly Societies Act 1992 (registered number 480F). Transactions with related parties are set out in note 22 to the Financial Statements.

Appointment of Governors

The Governors are appointed in accordance with the Charitable Company's Articles of Association. The number of the Governors should not be less than three but is not subject to any maximum. Appointments are normally reviewed every two years and Governors are either re-appointed or replaced with new appointments. In line with the Society's own articles, aligned with its regulator as a Friendly Society, the Society shall appoint the majority of the Governors and may remove or replace any person it appoints.

BHT may also, by ordinary resolution, appoint a person(s) who is willing to act to be a Governor either to fill a vacancy or as an additional Governor providing that there is always the majority of Nominated Governors on the Board. No person shall be appointed or re-appointed a Governor at any general meeting unless they are recommended by the Governors.

New appointees undergo an induction programme to BHT and together with existing Governors periodically undertake a training course to understand the duties and responsibilities of Governors.

The arrangements for setting the pay and remuneration of the Charitable Company's key management and personnel are set out in the Remuneration & Nominations Committee section on page 12.

The Board of Governors Annual Report 2023

Hospital Audit Committee

The Governors have an established Audit Committee. This is a sub-committee of the Board and is responsible for ensuring effective systems of internal control, inspection and reporting are maintained, including compliance testing to safeguard the assets of the Charitable Company. Additionally, the Audit Committee is responsible for ensuring that the Charitable Company's affairs comply with the Companies Act 2006 and the Charities Statement of Recommended Practice (FRS102).

The Audit Committee are also responsible for review of risk and receives reports from an independent internal auditor, RSM Risk Assurance Services LLP, who reviews key systems and potential risks based on a programme of need determined by the Audit Committee in conjunction with the auditor. Minutes of the Audit Committee are submitted to the Governors and a summary report is presented to the Group Audit and Risk Committee of the Society. The Audit Committee also meets with the external auditor and receives a management report following their audit.

The current members of the Audit Committee are: Governors, Mr A Pilgrim (Chair), Mrs P Clark and Mr P Rich.

Remuneration & Nominations Committee

The Governors have an established Remuneration Committee and a Nominations Committee. The Remuneration Committee reviews the annual pay award to staff with a recommendation made to the Governors, which approves the pay award. It also sets the remuneration to attract the right calibre of individuals to senior positions. The Nominations Committee considers the knowledge and skills requirements of the Governors whilst ensuring the organisation is fit for purpose to meet the workforce needs of the future.

The current members of the Remuneration Committee and the Nominations Committee are: Governors, Ms A Hays (Chair), Mrs P Clark and Mrs K Horsford.

Clinical Governance

The Charitable Company has effective governance systems in place which oversee all components of risk management, including patient safety, infection control, complaints, claims, patient information and internal and external regulation.

On a quarterly basis, a multi-disciplinary Quality & Safety Committee, with responsibility for all risk components, reviews all governance issues including reports on Occupational Health, Health and Safety, Patient Safety, Infection Control, Resuscitation and Clinical Audit.

The Quality & Safety Committee is attended by Mrs P Clark as well as other Governors on an ad hoc basis.

The Board of Governors Annual Report 2023

Risk Management

The Governors have an established Risk Management Framework which, supported by a Board Assurance Framework and the High-Level Risk Register, aims to enhance the quality of services offered to patients. BHT recognises the need for robust systems and processes to support continuous risk management, enabling members of staff to integrate risk management into their daily activities and support better decision making through a good understanding of risks and their likely impact.

BHT recognises that positive and managed risk-taking is essential for control of growth, development, and innovation. The Governors have set out in its risk management policy, its risk appetite and has adopted a formal risk matrix to allow risks to be fully understood and evaluated against that risk appetite. The following are considered the principal risks:

Risk	Mitigation
Society Service Changes Changes to the services provided by the Society to its Members could impact income.	Under the growth objective of the Hospital's strategy, detailed plans have been put in place to develop alternative income streams to compensate for any income that will be lost as a result of future changes.
Quality of Care Failure to meet regulatory guidance could compromise the quality of care and treatment offered by BHT and could lead to suspension of regulated activity and financial penalties.	To mitigate this risk, a robust internal governance and assurance framework is maintained, demonstrating adherence with the necessary quality and safety standards. Prominence is placed on continuous improvement, providing the best possible patient care in the right way, by the right people, in the right place and at the right time.
Workforce National shortage of clinically trained staff and an ageing workforce at BHT, could lead to a reduction in capacity or required skills to manage demand.	Appropriate succession plans and other initiatives designed to support and mitigate against an ageing workforce are in place or being developed to provide a workforce fit for purpose to future proof the Hospital for the years ahead. An appropriate cost of inflation has been included in the budget for 2024 and the Hospital remains committed to paying the Real Living Wage in 2024.
Cyber Security Cyber security risk is increasing, driven by global connectivity and use of cloud services. Cyber threats can come from any level in the organisation and could result in data theft/loss or corruption, leading to financial breaches, reputational damage, or disruption to services.	As BHT moves from fully on site, ringfenced IT systems to use of cloud-based solutions the Governors have recognised the need to significantly increase its cyber security cover. Investment has been made throughout 2023 as part of an established IT plan in conjunction with the Society to ensure much greater control and scrutiny over cyber risk. Regular penetration testing and phishing exercises are carried out. BHT holds Cyber Essentials Plus accreditation.

The Board of Governors Annual Report 2023

Risk	Mitigation
Business Continuity Due to the ongoing effects of Brexit and the wars in Ukraine and Israel, there is a risk that a supply chain failure could cause disruption to BHT with regards to, purchasing medical consumables, increasing costs for the organisation or inability to complete procedures	BHT now purchase many key theatre items from NHS Supply Chain as there is more confidence in their continuity of supply. Where possible, higher levels of stock are in place for key items. Incident reporting and monthly monitoring is in place to ensure current risks are understood and reported to management.

Management

The strategy of the Charitable Company is set by the Governors and implemented by the Hospital Executive. The Strategic Report, as required by the Companies Act, is included in this Governor's Report. The Governors met formally on a total of 6 occasions during 2023 (2022 : 5). The Governors approved the strategies and major policies related to the running of the Charitable Company, including the Standing Financial Instructions and the budget for the year ending 31 December 2023.

The Governors monitor performance in all key areas through several key performance indicators and receive regular reports on Activity, Finance, Complaints, Risk Management, Governance, and Health & Safety from the Hospital Executive.

Attendance at Meetings

The record of attendance at Board and major Board Committee Meetings during the year ended 31 December 2023 is stated in the table below:

	Board		Audit Committee		Rem & Nom Committee	
	Called to	Attended	Called to	Attended	Called to	Attended
Angela Hays	6	6	-	-	2	2
Bob Andrews	6	5	-	-	-	-
Paula Clark	6	6	4	4	2	2
Kim Horsford	6	6	-	-	2	1
Damien Marmion	3	3	-	-	-	-
Alan Pilgrim	6	6	4	4	-	-
Paul Rich	6	6	4	4	-	-

The Board of Governors Annual Report 2023

Insurance of Governors

The Hospital maintains insurance for the Governors in respect of their duties as directors and Governors.

Taxation

The Benenden Hospital Trust is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the Charitable Company is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the current financial year (2022: £nil).

Governors' Responsibilities in Relation to the Financial Statements

The Governors (who are also Directors of the Benenden Hospital Trust for the purposes of company law and are also Trustees of the Benenden Hospital Trust) are responsible for preparing a Governor's annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Governors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing the financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included in the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board of Governors Annual Report 2023

Section 172 Report

The Governors recognise the best practice outlined in section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Hospital for the benefit of its stakeholders. In doing so, they will have regard to:

- a. The likely consequences of any decision in the long term – as set out on page 9, the Hospital has developed an integrated Vision and Strategy for the next 5 years which will prepare the Hospital for the future.
- b. The interests of the Charitable Company's employees – as set out on page 5, the Hospital places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, a fortnightly internal newsletter (Connect), presentation of the Annual Operational Plan to all staff, and the Hospital engagement platform (Blink).
- c. The need to foster the Charitable Company's business relationships with suppliers, customers and others – throughout 2023 the Hospital has worked closely with its suppliers to ensure that, despite global supply chain issues, the Hospital has not been adversely impacted by stock shortages. As noted on page 5 the Hospital engages with its consultant colleagues through the Medical Advisory Committee. The Hospital meets regularly with the Society as well as its key NHS and Private Medical Insurance customers to ensure it continues to meet their needs.
- d. The impact of the Charitable Company's operations on the community and environment – as noted on page 9, the Hospital's commitment to a sustainable future forms an integral part of its 5 year strategy. This does not only include environmental sustainability, but also covers social and governance responsibilities.
- e. The desirability of the Charitable Company maintaining a reputation for having high standards of business conduct – the Hospital's values, which determine the way that BHT acts at all times, are set out on page 5. The Hospital is very proud to have maintained its Outstanding rating with the Care Quality Commission. The Board of Governors review both safety and patient experience each time they meet.
- f. The need to act fairly as between stakeholders of the Charitable Company – as noted on page 5, the Hospital prides itself on providing equal employment opportunities for all. As set out on page 4 the objectives of the Charitable Company are to provide treatment to members of the Society, their nominees and anybody else that the Governors consider in need.

The Board of Governors Annual Report 2023

Streamlined Energy and Carbon Reporting

In accordance with the Streamlined Energy and Carbon Reporting ("SECR") requirements, the Hospital sets out its emissions for the years ended 31 December 2022 and 2023 below. The main metric we use to understand our emissions is our carbon footprint, measured in tCO₂e (tonnes of carbon dioxide equivalent). The increase in Scope 1 and Scope 2 emissions in 2023 is as a result of increased usage of gas, electricity and anaesthetic gases in the year which reflects the Hospital's growth in both revenue and patient numbers.

	2023 Tonnes CO ₂ e	2022 Tonnes CO ₂ e
Operational Emissions		
Scope 1 Combustion of gas and diesel	653.10	594.98
Scope 1 Anaesthetic gases	102.75	67.48
Scope 1 Airconditioning gases	50.85	12.32
Scope 2 Purchased electricity (location based)	511.79	487.90
Total	1,318.49	1,162.68
Intensity Ratio – revenues (per £million)	26.62	26.99
Intensity Ratio – patient admissions (per patient)	0.13	0.12
Total Energy Used (MWh)	6,092.51	5,661.61

Methodology

We have followed the government's guidelines on Streamlined Energy and Carbon Reporting.

We buy all of our gas and electricity directly and have used kWh figures from our providers. We have estimated carbon emissions based on the government's conversion factors.

Usage of anaesthetic gases has been calculated based on purchases of each type of gas in the year. We have estimated carbon emissions using the Royal College of Anaesthetists' emissions calculator which is itself based on the government's conversion factors.

Intensity Ratio

We have used both revenue and number of patient admissions to calculate the emissions intensity ratio as these both reflect the level of activity at the Hospital.

The Board of Governors Annual Report 2023

Energy Efficient Actions

As noted on page 9, Sustainability is one of the four key strategic imperatives that underpin the Hospital's five year plan. During 2023 a bench marking exercise to measure the Hospital's carbon footprint was carried out and a plan agreed to achieve net zero carbon by 2050 in alignment with the UK government's own targets.

The following actions have been identified as part of the plan to net zero carbon and will be delivered in 2024:

- A system to remove anaesthetic gases from the atmosphere has now been installed in all 3 of the Hospital's operating theatres. In addition, in 2023 the Hospital ceased using Desflurane and Isoflurane, the anaesthetic gases which contribute most to emissions and in April 2024 has discontinued the use of Nitrous Oxide gas. These actions should significantly reduce emissions from anaesthetic gases in 2024.
- A programme to replace traditional light bulbs with LED will be carried out throughout 2024 thereby reducing the Hospital's electricity usage.
- To encourage staff to use electric vehicles to commute to the Hospital, during 2024 a salary sacrifice EV scheme will be introduced, and EV charges installed in the Hospital's car park.

Statement as to Disclosure to our Auditor

In so far as the Governors are aware at the time of approving our Governors' Annual Report:

- There is no relevant information, being information needed by the Auditor in connection with preparing their report, of which the Charitable Company's auditor is unaware; and
- The Governors, having made enquiries of fellow directors and the Charitable Company's Auditor that they ought to have individually taken, have each taken steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

By order of the Board of Governors



Ms Angela Hays

Chair of the Board of Governors of the Benenden Hospital Trust

2 July 2024

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of The Benenden Hospital Trust (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities;
- the charitable company balance sheet;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis of 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Material uncertainty relating to going concern

We draw attention to note 1 (b) in the financial statements, which indicates that the Governors are currently planning for a transaction with the Benenden Healthcare Society for the sale of the trading assets and liabilities of the charitable company to a subsidiary of the Society. In May 2024, the Charity Commission has given their approval of the proposed transaction. However, the transaction is still subject to approval by the Members of the charitable company, as well as completion of legal and regulatory procedures. As stated in note 1 (b), these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Governors about their own identification and assessment of the risks of irregularities, including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act, UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations, Care Quality Commission regulations and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our Report

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



David Heaton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

2 July 2024

Statement of Financial Activities

For the year ended 31 December 2023

	Note	Restricted Funds 2023 £'000	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Income & Endowments from					
Donations and Legacies	3	-	357	357	1,275
Income from Charitable Activities		-	48,661	48,661	41,495
Other Trading Activities		-	406	406	302
Interest Received		-	106	106	10
Total Income		-	49,530	49,530	43,082
Expenditure on Charitable Activities					
	4	-	(48,902)	(48,902)	(44,371)
Net Income/(Expenditure) & Net movement in funds for the year	6	-	628	628	(1,289)
Reconciliation of Funds					
Total Funds Brought Forward		59	15,193	15,252	16,541
Total Funds Carried Forward	14,15	59	15,821	15,880	15,252

All activities continue to relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year and the prior year.

Total funds for 2023 includes £59k of restricted funds under Reconciliation of Funds.

The notes on pages 27 to 43 form part of the financial statements. See note 13 for a comparative Statement of Financial Activities for the year ended 31 December 2022 analysed by funds.

Balance Sheet

As at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed Assets			
Tangible Assets	8	7,866	8,580
Intangible Assets	9	1,114	1,513
		8,980	10,093
Current Assets			
Stock	10	669	528
Debtors	11	3,506	3,353
Cash at Bank & in Hand	18	6,676	4,961
Total Current Assets		10,851	8,842
Creditors			
Amounts Falling Due Within One Year	12	(3,951)	(3,683)
Net Current Assets		6,900	5,159
Net Assets	15	15,880	15,252
The Funds of the Charity			
Restricted Funds	14	59	59
Unrestricted Funds	14	15,821	15,193
Total Charity Funds		15,880	15,252

These Financial Statements of The Benenden Hospital Trust were approved by the Governors and authorised for issue on 2 July 2024 and signed on its behalf.



Ms Angela Hays
Chair of the Board of Governors of The Benenden Hospital Trust

The notes on pages 27 to 43 form part of these Financial Statements

Cash Flow Statement

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Net Cash Flow from Operating Activities	16	2,615	2,388
Cash Flows from Investing Activities			
Returns on Investments	17	106	10
Capital Expenditure	17	(1,006)	(1,301)
Cash used in Investing Activities		(900)	(1,291)
Increase in Cash & Cash Equivalents in the Year		1,715	1,097
Cash & Cash Equivalents at the Start of the Year		4,961	3,864
Total Cash & Cash Equivalents at the End of the Year	18	6,676	4,961

The notes on pages 27 to 43 form part of these Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2023

1 Statement of Accounting Policies

a. Basis of Preparation of Financial Statements

The Benenden Hospital Trust, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 7 Governors or Trustees who are also members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The Charitable Company is a registered charity. The registered office is given on page 11.

The Financial Statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 – effective 1 January 2019) and the Companies Act 2006. The Benenden Hospital Trust ("BHT" or "Hospital" or "the Charitable Company") meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b. Preparation of the Accounts on a Going Concern Basis

The accounting rules require the Governors to assess, as part of the accounts production process, the Hospital's ability to continue as a going concern.

On an on-going basis BHT monitors performance against the 2024 budget and reviews the out-turn position. Performance to date in 2024 is better than budget.

The Governors have considered the latest forecast, based on actuals to 31 March 2024, against the original budgeted/planned position to 31 December 2025. Currently it is not expected that the Hospital will require any further support from the Society but support up to a level of £5m has been agreed if required to enable the Hospital to meet its obligations as they fall due.

In February 2022 the Society made an offer to the Hospital for the transfer of the trading assets and liabilities of the Hospital to a subsidiary of the Society. In May 2024 the Charity Commission gave their approval of the proposed transaction. However, at the date of signing the accounts the proposed transaction is still subject to approval by the Members of the Hospital, as well as completion of necessary legal and regulatory steps. Whether a transaction will occur, and its timing, therefore remains uncertain.

Having considered the uncertainties, future financial projections and the funding support provided by the Society to support the financial operations, the Governors have a reasonable expectation that the Charitable Company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

1 Statement of Accounting Policies

However, given the proposed transaction with the Society to transfer the business and assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

c. Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

d. Income from Charitable Activities

Income is recognised in the period in which the Hospital has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income generated from patient services in the operation of an independent hospital is recognised to the extent that it is probable that the economic benefits will flow to the Hospital and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

e. Donations & Legacies

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is recognised where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donations received from the Society in 2023 were used to fund capital expenditure and support winter fuel payments from Oct 2022 to Mar 2023.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Notes to the Financial Statements

For the year ended 31 December 2023

1 Statement of Accounting Policies

f. Interest Received

Interest on funds held on deposit is accrued as earned and added to the source fund to ensure appropriate use.

g. Income from Other Trading Activities

Income from other trading activities comprises revenue recognised by the Charitable Company in respect of goods and services supplied during the year, principally income from the Hospital canteen, exclusive of Value Added Tax and trade discounts.

h. Expenditure on Charitable Activities

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

i Pensions

BHT and the Society are participating employers in a pension scheme ("the scheme") which provides both a defined benefit and a defined contribution pension scheme that is contracted out of the State Scheme.

The funds held under the defined benefit scheme are valued every three years by a professionally qualified independent actuary, with the rates of contribution payable then being determined by the Pension Trustees on the advice of the independent actuary. The last actuarial valuation was performed at 31 March 2022 by Hymans Robertson LLP. The Society is the principal employer and, in line with FRS102, is considered the sponsoring employer of the scheme as it recognises the net defined benefit cost of the scheme and there is no contractual agreement or stated policy for recharging the section 28 net defined benefit cost. Consequently, the Society has recognised the FRS102 deficit of £12,130k (2022: £13,831k) at 31 December 2023, of which BHT's share is £9,219k (2022: £11,756k). The Board of Governors unanimously reached agreement on the requirement of the Hospital to make deficit payments in relation to the pension and payments started in March 2021.

Further details of the Group defined benefit scheme are disclosed in note 21 of the financial statements of the Society.

The pension deficit payments are recognised in the statement of financial activities as they are incurred. The Charitable Company recognised a total pension cost equal to its contribution payable for the year, which in the year ended 31 December 2023 was £3,144k (2022 : £3,764k).

j. Operating Leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Notes to the Financial Statements For the year ended 31 December 2023

1 Statement of Accounting Policies

k. Tangible Fixed Assets & Depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

The Capitalisation Policy capitalises individual equipment purchases or groups of like purchases with a value of £5,000 or greater.

Depreciation is calculated to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold Improvements	4%
Medical Equipment	20%
Computer Equipment	33%
Fixtures & Fittings	14%
Motor vehicles	25%

l. Intangible Fixed Assets & Depreciation

Intangible fixed assets represent computer software and licences. The cost of these assets is their purchase cost, together with any incidental costs of acquisition such as development and implementation costs.

Computer software and licences are amortised on a straight-line basis over their expected useful economic life, at an annual rate of 20%.

m. Stock

Medical consumables and pharmacy stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

n. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o. Cash at Bank & in Hand

Cash at bank and in Hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p. Creditors & Provisions

Creditors and provisions are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the Financial Statements

For the year ended 31 December 2023

1 Statement of Accounting Policies

q. Financial Instruments

BHT does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from trade debtors and payables to creditors and suppliers. The recognition of trade debtors and trade creditors is at cost. Deferred Income, accruals and prepayments are recognised at the amortised cost.

Financial assets and financial liabilities are recognised when the hospital becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires. Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2023

2 Critical Judgements & Key Sources of Estimation Uncertainty

Preparation of the financial statements requires the Governors and management to make judgements and estimates. The items in the financial statements where these critical accounting judgements have been made include:

- **Pensions;** Assets of the scheme are held in The Benenden Healthcare Pension Plan. The Scheme also administers the pension arrangements of the Society. Under FRS102 the Society is considered to be the sponsoring employer, as it recognises the net defined benefit cost, and as such the Society has recognised the whole deficit of £12,130k (2022: £13,831k) as the deemed sponsoring employer. At 31 December 2023 the deficit attributable to BHT was £9,219k (2022: £11,756k). In January 2021 BHT entered into an agreement with the scheme and the Society whereby BHT would make deficit payments in relation to the pension and payments started in March 2021.

Notes to the Financial Statements

For the year ended 31 December 2023

3 Donations & Legacies

	2023 £'000	2022 £'000
Legacies	1	418
Donations – Benenden Healthcare Society	331	852
Donations – Rising Mercury Society	25	5
Total Donations & Legacies	357	1,275

There were no restrictions placed on any funds from Donations and Legacies received in 2023.

4 Analysis of Resources Expended by Expenditure Type

	Note	2023 £'000	2022 £'000
Staff Costs	7	16,864	15,996
Depreciation & Amortisation		2,156	2,541
Clinical Consultants Fees		12,424	10,645
Medical Consumables		7,164	5,964
Clinical Service Contracts		674	653
Governance Costs	5	245	180
Marketing & Business Development		507	434
Rent Payable to Benenden Society		2,600	2,463
IT Service Costs		2,018	1,728
Hospital Services		4,250	3,767
Total Expenditure by Type		48,902	44,371

Costs incurred in raising charitable funds are immaterial.

Notes to the Financial Statements For the year ended 31 December 2023

5 Governance Costs

	2023 £'000	2022 £'000
Auditor's remuneration – current year	125	69
Auditor's remuneration – prior years	49	-
Internal audit costs	58	37
Legal costs	13	74
	245	180

6 Net Income/(Expenditure)

Net income/(expenditure) is stated after charging:

	Note	2023 £'000	2022 £'000
Depreciation of Tangible Fixed Assets	8	1,758	2,217
Amortisation of Intangible Fixed Assets	9	399	324
Operating Lease Rentals	19	59	59
Property Lease Rentals	19	2,600	2,463

Notes to the Financial Statements

For the year ended 31 December 2023

7 Employees, Staff & Agency Costs

Average monthly number of people employed was as follows:

	2023 Number	2022 Number
Clinical Staff	190	179
Clinical Support Staff	87	84
Administrative Staff	121	118
Total Staff Excluding Bank Staff	398	381
Average bank staff paid in a month	54	45
Average bank staff not paid in a month	29	25
Total Bank Staff	83	70
Average FTEs (Permanent Staff)	328	315
Average FTEs (Bank Staff)	15	12
Average Monthly Full Time Equivalent Employees	343	327

Staff and agency costs were as follows:

	2023 £'000	2022 £'000
Staff Costs	11,614	10,358
Social Security Costs	1,067	965
Pension Costs – Defined Benefit	1,800	2,550
Pension Costs – Defined Contribution	1,344	1,214
Redundancy Costs (including payment in lieu of notice)	171	139
Agency Staff	868	770
Total Staff & Agency Costs	16,864	15,996

Notes to the Financial Statements

For the year ended 31 December 2023

The number of employees whose emoluments excluding pension contributions and employers' national insurance, but including benefits in kind, were in excess of £60,000 in the period was as follows:

	2023 Number	2022 Number
£60,000 to £70,000	6	4
£70,001 to £80,000	2	1
£80,001 to £90,000	1	1
£110,001 to £120,000	1	2
£120,001 to £130,000	1	1
£130,001 to £140,000	1	-
£210,001 to £220,000	-	1
£220,001 to £230,000	1	-

The key management personnel of BHT are the Governors and the Hospital Executive as set out on page 10. The charity trustees/Governors were not paid and did not receive any other benefits from employment with BHT during 2023 (2022: £nil).

The Hospital Executive received total employee benefits of £733k in 2023 (2022: £704k) of which the Hospital Director was the highest paid employee receiving total employee benefits of £241k (2022: £232k) including £17k in employer's pension contributions (2022: £16k).

8 Tangible Fixed Assets

	Leasehold Improvements £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2023	10,992	13,740	85	24,817
Additions	30	1,014	-	1,044
At 31 December 2023	11,022	14,754	85	25,861
Depreciation				
At 1 January 2023	5,356	10,802	79	16,237
Charge for the Year	441	1,311	6	1,758
At 31 December 2023	5,797	12,113	85	17,995
Net Book Value				
At 31 December 2023	5,225	2,641	-	7,866
At 31 December 2022	5,636	2,938	6	8,580

Notes to the Financial Statements

For the year ended 31 December 2023

9 Intangible Fixed Assets

	Computer software & licences £'000
Cost	
At 1 January 2023	2,006
Additions	-
At 31 December 2023	2,006
Depreciation	
At 1 January 2023	493
Charge for the Year	399
At 31 December 2023	892
Net Book Value	
At 31 December 2023	1,114
At 31 December 2022	1,513

10 Stock

	2023 £'000	2022 £'000
Pharmacy Stock	56	60
Medical Consumables Stock	613	468
Total Stock	669	528

There is no material difference between the carrying value of stock and its replacement cost.

Notes to the Financial Statements

For the year ended 31 December 2023

11 Debtors

	2023 £'000	2022 £'000
Trade Debtors	759	880
Amounts due from Related Parties	2,042	1,819
Prepayments	705	654
Total Debtors	3,506	3,353

At 31 December 2023 the total of all amounts due to BHT from the Society was £2,042k (2022: £1,819k) relating to December 2023 activity. Amounts due from the Society are repayable on the 25th of the month following the activity and do not incur interest.

12 Creditors: Amounts Falling Due Within One Year

	2023 £'000	2022 £'000
Trade Creditors	1,661	1,025
Amounts Due to Related Parties	67	395
Social Security & Other Taxes	288	271
Other Creditors	123	88
Deferred Income	413	584
Accruals	1,399	1,320
Total Creditors	3,951	3,683

Included in Other Creditors is a provision for professional fees relating to insurance claims of £94k (2022: £37k).

Deferred income of £413k (2022: £584k) represents amounts received from Private Patients in advance of treatments being carried out.

Notes to the Financial Statements

For the year ended 31 December 2023

13 Comparative Statement of Financial Activities

The Statement of Financial Activities for the year ended 31 December 2022 analysed by funds is set out below:

	Restricted Funds 2022 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
Income & Endowments from			
Donations and Legacies	-	1,275	1,275
Income from Charitable Activities	-	41,495	41,495
Other Trading Activities	-	302	302
Interest Received	-	10	10
Total Income	-	43,082	43,082
Expenditure on Charitable Activities	-	(44,371)	(44,371)
Net (Expenditure) & Net movement in funds for the year	-	(1,289)	(1,289)
Reconciliation of Funds			
Total Funds Brought Forward	59	16,482	16,541
Total Funds Carried Forward	59	15,193	15,252

14 Statement of Funds

	Brought Forward 1 Jan 2023 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers In/Out £'000	Carried Forward 31 Dec 2023 £'000
Designated Funds	-	-	-	-	-
General Funds	15,193	49,530	(48,902)	-	15,821
Unrestricted Funds	15,193	49,530	(48,902)	-	59
Restricted Funds	59	-	-	-	59
Total Funds	15,252	49,530	(48,902)	-	15,880

Notes to the Financial Statements

For the year ended 31 December 2023

15 Analysis of Net Assets Between Funds

	Restricted Funds 2023 £'000	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Fixed Assets	-	8,980	8,980	10,093
Current Assets	59	10,792	10,851	8,842
Current Liabilities	-	(3,951)	(3,951)	(3,683)
Total of Net Assets	59	15,821	15,880	15,252

16 Net Cash Flow from Operating Activities

	2023 £'000	2022 £'000
Net Incoming/(Outgoing) Resources	628	(1,289)
Returns on Investments & Servicing of Finance	(106)	(10)
Depreciation of Tangible Fixed Assets	1,758	2,217
Amortisation of Intangible Fixed Assets	399	324
Profit on Disposal of Tangible Fixed Assets	(38)	(22)
(Increase)/Decrease in Stocks	(141)	134
Decrease in Debtors	70	207
(Increase)/Decrease in Amounts Owed by Related Parties	(223)	316
Increase/(Decrease) in Trade Creditors & Accruals	714	(77)
(Decrease)/Increase in Amounts Owed to Related Parties	(328)	290
Increase in Social Security & Other Taxes	17	60
(Decrease)/Increase in Other Creditors and Deferred Income	(135)	238
Net Cash Inflow from Operations	2,615	2,388

Notes to the Financial Statements

For the year ended 31 December 2023

17 Analysis of Cash Flows for Headings Netted in Cash Flow Statement

	2023 £'000	2022 £'000
Returns on Investments		
Interest Received	106	10
Capital Expenditure		
Purchase of Tangible Fixed Assets	(1,044)	(1,211)
Purchase of Intangible Fixed Assets	-	(117)
Proceeds from Sale of Tangible Fixed Assets	38	27
	(1,006)	(1,301)

18 Analysis of Changes in Net Debt

	1 January 2023 £'000	Cash Flow £'000	31 December 2023 £'000
Cash at Bank & in Hand	4,961	1,715	6,676
Total Net Funds			
	4,961	1,715	6,676

19 Financial Commitments

At 31 December 2023 the charitable company had total commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts Due:				
Within 1 year	2,738	2,600	62	59
Between 1 and 5 years	10,951	10,400	129	178
After more than 5 Years	38,330	39,000	-	-
	52,019	52,000	191	237

Notes to the Financial Statements

For the year ended 31 December 2023

20 Financial Instruments

The charity uses financial instruments to invest liquid asset balances and generate income through the return generated by these financial instruments.

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost. The table below analyses the charity's assets and liabilities at 31 December 2023 by financial classification:

	Loans & Receivables £'000	Held at amortised cost Financial assets & liabilities at amortised cost £'000	Total £'000
Financial Assets			
Cash and cash equivalents	6,676	-	6,676
Amounts receivable for medical services	759	-	759
Other Assets	-	12,396	12,396
Total Financial Assets	7,435	12,396	19,831
Financial Liabilities			
Amounts owed to suppliers	-	1,661	1,661
Other Liabilities	-	2,290	2,290
Total Financial Liabilities	-	3,951	3,951

21 Pension Obligations

The charity participates in a defined benefit and defined contribution scheme (please note that the defined benefit scheme closed for future accruals at 31 December 2018 with no more contributions to it from 1 January 2019).

The total net cost for the charity for the year was £3,144k (2022: £3,764k), of which £1,800k (2022: £2,550k) was in respect of payments to the defined benefit scheme and £1,344k (£1,214k) was in respect of the defined contribution plan.

Assets of the defined benefit pension scheme ("the scheme") are held in The Benenden Healthcare Pension Plan. The scheme also administers the pension arrangements of the Society. The scheme is currently in significant deficit and requires the Benenden Hospital Trust to make extra contributions to the scheme as part of the recovery plan. The actuaries have confirmed that it is possible to separate the BHT's assets and liabilities in the scheme and at 31 December 2023 the deficit attributable to BHT was £9,219k (2022: £11,756k). However, disclosure in these accounts is made on the basis that it is a defined benefit scheme with the deficit of £12,130k (2022: £13,831k) being recognised by the deemed sponsoring employer, the Society.

Notes to the Financial Statements

For the year ended 31 December 2023

22 Related Party Transactions

The Benenden Hospital Trust ("BHT") is a controlled body of The Benenden Healthcare Society Limited ("Society") who are an incorporated friendly society, registered under the Friendly Societies Act 1992, registered number 480F. Control is exercised by the Society through the power to appoint or remove the majority of the Hospital's trustees and by the Society being a member of the Hospital Trust. The Society's principal activity is the provision of medical and well-being services to its members.

The Society had the following transactions with the charitable company during the year ended 31 December 2023:

- (a) The Society made cash donations to the charitable company of £331k (2022: £852k).
- (b) The Society paid the charitable company for its members to be treated at the hospital to a value of £30,037k (2022: £25,474k).
- (c) The Society paid the charitable company for miscellaneous costs to a value of £30k (2022: £15k).
- (d) The Society charged the charitable company rent of £2,600k (2022: £2,463k) for the use of the hospital site.
- (e) The Society recharged the charitable company for insurance costs of £408k (2022: £395k), for audit costs of £58k (2022: £18k), for costs of employee membership to the Society of £56k (2022: £52k) and for IT costs of £783k (2022: £720k).

BHT leases the hospital site from the Society under a 25 year lease which commenced on 1 January 2018 and expires in July 2042, with annual rent starting at £3,103k and subject to annual increases in line with RPI. The lease was revalued at 31 January 2021 and the annual rental reduced to £2,300k. In accordance with the lease terms, a market rent review was carried out in November 2022 and the annual rent revalued at £2,600k. Future rental payments will continue to be subject to annual increases in line with RPI and market valuation every 5 years.

At 31 December 2023 the total of all amounts due to BHT from the Society was £2,042k (2022: £1,819k).

At 31 December 2023 the total of all amounts due from BHT to the Society was £67k (2022: £395k).

The consolidated accounts for the Society are available at www.benenden.co.uk/about-benenden.

23 Events After The Balance Sheet Date

The Charitable Company has no events to disclose after the balance sheet date.

Accounts

The Benenden Hospital Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 December 2022
Registered Number: 03454120
Charity Number: 1065995

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The Board of Governors Annual Report 2022

The Board of Governors (who are Directors of the Benenden Hospital Trust for the purposes of the Companies Act 2006 and are also Trustees of the Benenden Hospital Trust) present their Annual Report and audited Financial Statements of The Benenden Hospital Trust ("BHT" or "Charitable Company" or "Hospital") for the year ended 31 December 2022.

The Annual Report and Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's Report

Thankfully during 2022 the Hospital saw a return to normal operations following two years of the COVID-19 pandemic and the significant impact that caused. It took longer than anticipated for our Society and NHS referrals to return to pre-pandemic levels but we ended the year with referrals and income back at the level expected.

More patients attended the Hospital for appointments with over 61,000 appointments and 9,300 patient admissions. We were able to further grow our income by 8% and in particular Self-Pay income rose by 10% from £8.7m in 2021 to £9.6m in 2022. This was despite the cost of living crisis impacting levels of disposable income. Overall, we ended the year with a deficit of £1.29m, which is acceptable given the inflation and cost of living impacts on our costs. We have a healthy balance sheet and cash position.

During the year we have invested in our systems, implementing a new finance system with new processes and controls plus continuing to upgrade our IT infrastructure.

We continue to value and support the physical and mental wellbeing of our staff and were able to provide most staff with financial support for winter fuel payments. Reflecting all aspects of the employee wellbeing the Hospital holds a "We invest in wellbeing" Silver award.

For the first time in three years we were able to have Best of Benenden Awards Ceremony in person, where we recognised and celebrated the outstanding contributions our staff make to the Hospital. These peer-nominated awards recognise excellence and innovation and honour the efforts of individuals and teams who embody the organisation's values and behaviours and those who make a significant positive impact at the Hospital.

Looking forward we continue to focus on how we can best help our Society members and patients, support our Hospital staff and develop our commercial strategy looking for opportunities to broaden the services we offer and collaborate with our Society colleagues.

Last but not least I would like to thank all of the Hospital staff for their continued dedication, contribution and professionalism enabling the Hospital to provide a welcoming environment and excellent care for our patients.

The Board of Governors Annual Report 2022

Objectives and Activities

About Benenden Hospital Trust Limited

The principal objectives and activities of BHT are governed by its Articles of Association. The principal objective of the Trust is 'the relief of hardship caused by sickness, infirmity, disability or any medical condition in particular by the provision of surgical and medical treatment, nursing care and otherwise to the members of The Benenden Healthcare Society Limited ("Society"), their nominees and, if the Governors think fit, to other persons in need'.

In setting BHT's objectives and planning its activities the Governors have considered the Charity Commission's general guidance on public benefit.

Our Strategic Objectives

BHT's strategic objectives, which are underpinned by its values and mission are:

- Deliver excellence in everything we do
- Grow profitable income
- Develop our capability and increase our efficiency
- Committed to working towards a sustainable future

Our Activities

BHT is one of the main providers of surgical and medical treatment to members and nominees of the Society, which provides low cost health care to its members with membership open to all. In addition, services are provided to patients funding their own treatment directly as Self-Pay, or through Private Medical Insurance cover. BHT is also an accredited NHS Provider with NHS patient referrals accepted for a range of specialties with local Clinical Commissioning Group (CCG) contracts in place.

BHT measures the success of its activities both in terms of financial performance and in terms of the number of patients treated during the year. An overview of the Hospital's Achievements and Performance is set out on page 6.

The Board of Governors Annual Report 2022

Our Values

The Hospital's values determine the way that BHT acts at all times. Those values are:

- Be Caring
 - We know what we do matters
 - We're proud and enjoy what we do
 - We promote a culture of care, respect, compassion, and wellbeing
- Be Connected
 - We collaborate and share across teams, departments and the Hospital
 - We listen to understand each other and our patients' needs
 - We support one another by having open and honest conversations
 - We recognise that we're stronger together
- Be Brave
 - We embrace change
 - We challenge and ask "why" as well as "why not"
 - We always want to learn
 - We are not afraid of trying new concepts and ideas
- Be Smart
 - We approach problems with a solution mindset
 - We actively seek to improve and be better
 - We spend the Charitable Company's money wisely
 - We're invested in the future of the Hospital

Our People

BHT places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, a fortnightly internal newsletter (Connect), presentation of the Annual Operational Plan to all staff, and the Hospital intranet.

BHT prides itself in providing equal opportunities to all and welcomes applications from a diverse range of applicants, including those with disabilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Charitable Company continues and that appropriate training is arranged. It is the policy of the Charitable Company that the training, career development and promotion of all individuals is equal, as far as is possible.

BHT also values the opportunity to work in partnership with our consultant colleagues who support the hospital through engagement in the Medical Advisory Committee, specialty reviews and service development initiatives as well as providing high quality care to our patients.

The Board of Governors Annual Report 2022

Achievements and Performance

Performance

With all domestic legal restrictions in respect of COVID-19 ending in February 2022, activity levels continued to grow throughout the year as patients' confidence to attend for hospital appointments returned to normal:

	2022 Number	2021 Number	Growth %
Referrals	29,872	26,579	+12.4%
Appointments	61,616	58,075	+6.1%
Admissions	9,351	8,948	+4.5%

The growth in activity levels was driven by a steady improvement in referrals from Society and particularly the NHS towards pre-COVID-19 pandemic levels and continued growth in Self-Pay income driven by the record high levels of patient backlog in the NHS causing more patients than ever to choose to Self-Pay.

Income from charitable activities can be analysed by channel as follows:

	2022 £'000	2021 £'000	Growth %
Income from:			
Society	25,474	24,160	+5.4%
NHS	5,813	4,431	+31.2%
Self-Pay	9,638	8,728	+10.4%
Private Medical Insurance	570	611	-6.7%
Total income from charitable activities	41,495	37,930	+9.4%

Evolution of Clinical Services

The Hospital's Plastic Surgery specialty was expanded in April 2022 with the appointment of an additional consultant. This has allowed the Hospital to provide a greater range of Cosmetic procedures than previously. The specialty is being further developed in 2023 with the appointment of a specialist nurse and the target to on board a further two consultants, allowing a seamless pathway for Bariatric patients to continue their weight loss journey.

The Board of Governors Annual Report 2022

Financial Review

Despite a net deficit position in each of the last two years, given the impact that COVID-19 had throughout that period, In the opinion of the Governors the overall level of activity and financial position of the Charitable Company remains satisfactory.

The Charitable Company's income for the year from all sources was £43,082k (2021: £39,946k) and within this total income are legacies received during the year amounting to £418k (2021: £53k). The Charitable Company's total expenditure for the year was £44,371k (2021: £40,351k). For the year, there was a net deficit of £1,289k (2021: £405k). The net asset position at the 31 December 2022 was £15,252k (2021: £16,541k).

The Charitable Company's principal source of Income is from clinical services and treatment provided to Society members, private patients and NHS patients. In addition, BHT received voluntary donations of £852k (2021: £1,640k) from the Society as a contribution to support capital investment. The Charitable Company's Statement of Financial Activities for the year is set out on page 23.

Reserves Policy

As at 31 December 2022, BHT held £5.1m (2021: £5.2m) in free reserves (net assets excluding fixed assets and restricted funds). Although it is not required to do so by the Charities Commission these reserves are to cover the working capital requirement for at least one month.

BHT has a target Reserves Policy equivalent to 3.0 x monthly running costs (all hospital costs excluding directly variable costs). At 31 December 2022 the level of Reserves was equivalent to 2.3 x monthly running costs (2021: 2.6 x). The ratio was negatively impacted by the Hospital's net deficit in the year and the high levels of cost inflation experienced in 2022.

The current ratio (current assets: current liabilities) target of 2.0 was exceeded at 31 December 2022 with a ratio of 2.4 (2021: 2.8).

Going Concern

The Governors are required to assess the ability of BHT to continue as a going concern as part of the annual accounts production process (detailed information is provided in the going concern note within the Statement of Accounting Policies).

The Governors have considered, in detail, the forecasted financial position to the end of 2024, this being at least 12 months from the date of signing of the financial statements and based on the actual performance to 28 February 2023. The assessment has been made on a prudent view and this shows that cash levels are expected to remain above the monthly minimum target of £2m throughout this period. The Society has agreed, through a Letter of Comfort, to support the Hospital with a further £5m if required at any point during this period. The Governors are satisfied with the level of support that this letter provides.

In February 2022 the Society made an offer for the transfer of the business and the assets of the Hospital to a subsidiary of the Society. This proposed transaction is not as a result of any financial issues and there is no intention for the business of the hospital to cease at any time in the future.

The Board of Governors Annual Report 2022

In July 2022 an application was submitted to the Charity Commission requesting approval for the proposed transaction. As at the date of signing the accounts a response has not yet been received from the Charity Commission.

In addition to Charity Commission approval, the proposed transaction is also subject to approval by the Members of The Benenden Hospital Trust, as well as completion of other necessary regulatory and legal steps. It is uncertain how long the process of obtaining Charity Commission approval, Members approval and regulatory consent will take, and therefore both whether a transaction will occur, and the timing of any transaction, are uncertain.

Having considered the uncertainties, future financial projections and the funding provided by the Society to support the financial operations, the Governors have determined that it remains appropriate to adopt the going concern basis in preparing the financial statements.

However, given the proposed transaction with the Society to transfer the assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The Board of Governors Annual Report 2022

Future Plans

Vision

The vision of BHT is to be the South East's leading private hospital, renowned for excellence.

Strategy

The Hospital's 5-year plan for 2023 to 2028 is based on four key strategic imperatives:

- Deliver excellence in everything we do
- Grow profitable income
- Develop our capability and increase our efficiency
- Commitment to working towards a sustainable future

Excellence

Our workforce plan will ensure that the Hospital has the resources and skills to continue to deliver outstanding patient care through all stages of the patient pathway. We will commence a capital renewal programme in 2024 to ensure that our facilities remain up to date in the future.

Growth

The commercial strategy implemented in 2021 and 2022 has built the foundations for the Hospital to continue to grow its private income. We will continue to develop existing services and add new ones, for example in Plastic/Cosmetic surgery, and we will work closely with Private Medical Insurers to better serve their customers.

It has been proposed by the Society that those Society members in what is known as the "outer catchment area" will no longer be required to use the Hospital for treatment and can instead be referred to a local hospital. This could reduce Society income by approximately £2m in 2024. The growth objectives will ensure that the Hospital is able to develop new income streams to replace the lost income.

Capability and Efficiency

We will continue to invest in systems and processes that improve the Hospital's efficiency and ensure that the Charitable Company's money is spent wisely. This will include development of the "digital hospital" which will allow BHT to treat more patients remotely and increase patients access to the Hospital's services.

Sustainability

BHT is committed to working towards a sustainable future, not only environmentally but also socially and from a governance perspective. The first stage of this will be to undertake an exercise to establish the Hospital's carbon footprint. This will be completed in 2023.

The Board of Governors Annual Report 2022

Reference and Administrative Information

The Board of Governors

Nominated Governors (Trustees)

- Ms A Hays (Chair)
- Mr R Andrews
- Mrs P Clark
- Mr A Humphreys (resigned 27 October 2022)

Appointed Governors (Trustees)

- Mrs K Horsford
- Mr A Pilgrim
- Mr P Rich

Hospital Executive

- Mrs J Abbott, MSc BA (Hons): Hospital Director & Company Secretary
- Ms M Anderson, MCIPD: Director of Human Resources & Organisational Development
- Mr R Connell, MD FRCOG: Medical Director
- Mr M Cowling: Group IT Director (Society)
- Mrs C Harley, MA MSc: Director of Patient Services
- Mr P Puxty, FCA: Finance Director

External Auditors

Deloitte LLP
Handover Building, Corporation St, Manchester M4 4AH.

Internal Auditors

RSM Risk Assurance Services LLP
5th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Bankers

National Westminster Bank PLC
South Essex Commercial Office, 3rd Floor Phoenix Place, Christopher Martin Road, Basildon,
SS14 3GQ

Solicitors

Brachers LLP
Somerfield House, 59 London Road, Maidstone, ME16 8JH

The Board of Governors Annual Report 2022

Registered Office & Business Address

The Benenden Hospital Trust
Goddard's Green Road, Benenden, Cranbrook, TN17 4AX

Telephone: 01580 230661

Website: www.benendenhospital.org.uk

Registered number: 3454120

Charity number: 1065995

Structure, Governance and Management

Structure

BHT was incorporated in the United Kingdom on 23 October 1997 (company number 3454120) and was registered as a Charitable Company by the Charity Commissioners on 20 November 1997 (registered number 1065995). The Articles of Association, as amended by a special resolution dated 27 February 2014, govern the Charitable Company.

On the 1 July 2003 BHT became a controlled body of The Benenden Healthcare Society Limited which is an incorporated Friendly Society, registered under the Friendly Societies Act 1992 (registered number 480F). Transactions with related parties are set out in note 20 to the Financial Statements.

Appointment of Governors

The Governors are appointed in accordance with the Charitable Company's Articles of Association. The number of the Governors should not be less than three but is not subject to any maximum. Appointments are normally reviewed every two years and Governors are either re-appointed or replaced with new appointments. In line with the Society's own articles, aligned with its regulator as a Friendly Society, the Society shall appoint the majority of the Governors and may remove or replace any person it appoints.

BHT may also, by ordinary resolution, appoint a person(s) who is willing to act to be a Governor either to fill a vacancy or as an additional Governor providing that there is always the majority of Nominated Governors on the Board. No person shall be appointed or re-appointed a Governor at any general meeting unless they are recommended by the Governors.

New appointees undergo an induction programme to BHT and together with existing Governors periodically undertake a training course to understand the duties and responsibilities of Governors.

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Hospital Audit Committee

The Governors have an established Audit Committee. This is a sub-committee of the Board and is responsible for ensuring effective systems of internal control, inspection and reporting are maintained, including compliance testing to safeguard the assets of the Charitable Company. Additionally, the Audit Committee is responsible for ensuring that the Charitable Company's affairs comply with the Companies Act 2006 and the Charities Statement of Recommended Practice (FRS102).

The Audit Committee receives reports from an independent internal auditor, RSM Risk Assurance Services LLP, who reviews key systems and potential risks based on a programme of need determined by the Audit Committee in conjunction with the auditor. Minutes of the Audit Committee are submitted to the Governors and a summary report is presented to the Group Audit Committee of the Society. The Audit Committee also meets with the external auditor and receives a management report following their audit.

The current members of the Audit Committee are: Governors, Mr A Pilgrim (Chair), Mrs P Clark and Mr P Rich.

Remuneration & Nominations Committees

The Governors have an established Remuneration Committee and a Nominations Committee. The Remuneration Committee reviews the annual pay award to staff with a recommendation made to the Governors, which approves the pay award. It also sets the remuneration to attract the right calibre of individuals to senior positions. The Nominations Committee considers the knowledge and skills requirements of the Governors whilst ensuring the organisation is fit for purpose to meet the workforce needs of the future.

The current members of the Remuneration Committee and the Nominations Committee are: Governors, Ms A Hays (Chair), Mrs P Clark and Mrs K Horsford.

Clinical Governance

The Charitable Company has effective governance systems in place which oversee all components of risk management, including patient safety, infection control, complaints, claims, patient information and internal and external regulation.

On a quarterly basis, a multi-disciplinary Quality & Safety Committee, with responsibility for all risk components, reviews all governance issues including reports on Occupational Health, Health and Safety, Patient Safety, Infection Control, Resuscitation and Clinical Audit.

The Quality & Safety Committee is attended by Mrs P Clark as well as other Governors on an ad hoc basis.

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Risk Management

The Governors have an established Risk Management Framework which, supported by a Board Assurance Framework and the High-Level Risk Register, aims to enhance the quality of services offered to patients. BHT recognises the need for robust systems and processes to support continuous risk management, enabling members of staff to integrate risk management into their daily activities and support better decision making through a good understanding of risks and their likely impact.

BHT recognises that positive and managed risk-taking is essential for control of growth, development, and innovation. The Governors have set out in its risk management policy, its risk appetite and has adopted a formal risk matrix to allow risks to be fully understood and evaluated against that risk appetite. The following are considered the principal risks:

Risk	Mitigation
Catchment Area Changes Proposed changes to the Hospital's outer catchment area for Society Members could impact income	Under the growth objective of the Hospital's strategy, detailed plans have been put in place to develop alternative income streams to compensate for any income that could be lost with the catchment changes.
Quality of Care Failure to meet regulatory guidance could compromise the quality of care and treatment offered by BHT, and could lead to suspension of regulated activity and financial penalties	To mitigate this risk, a robust internal governance and assurance framework is maintained, demonstrating adherence with the necessary quality and safety standards. Prominence is placed on continuous improvement, providing the best possible patient care in the right way, by the right people, in the right place and at the right time.
Workforce National shortage of clinically trained staff and an ageing workforce at BHT, could lead to a reduction in capacity or required skills to manage demand.	Appropriate succession plans and other initiatives designed to support and mitigate against an ageing workforce are in place or being developed to provide a workforce fit for purpose to future proof the Hospital for the years ahead.
Cyber Security Cyber security risk is increasing, driven by global connectivity and use of cloud services. Cyber threats can come from any level in the organisation and could result in data theft/loss or corruption, leading to financial breaches, reputational damage or disruption to services.	As BHT moves from fully on site, ringfenced IT systems to use of cloud-based solutions the Governors have recognised the need to significantly increase its cyber security cover. Investment has been made throughout 2022 as part of an established IT plan in conjunction with the Society to ensure much greater control and scrutiny over cyber risk. Regular penetration testing and phishing exercises are carried out. BHT holds Cyber Essentials Plus accreditation.

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Business Continuity Due to the ongoing effects of Brexit and the war in Ukraine, there is a risk that a supply chain failure could cause disruption to BHT with regards to, purchasing medical consumables, increasing costs for the organisation or inability to complete procedures	BHT now purchase many key theatre items from NHS Supply Chain as there is more confidence in their continuity of supply. Where possible, higher levels of stock are in place for key items. Incident reporting and monthly monitoring is in place to ensure current risks are understood and reported to management.
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The following risks that were reported in 2021 are no longer considered to be a principal risk for the hospital:

- The potential for further impact of COVID-19.
- The failure of BHT to deliver on the Commercial Strategy and grow private patient income.

Management

The strategy of the Charitable Company is set by the Governors and implemented by the Hospital Executive. The Strategic Report, as required by the Companies Act, is included in this Governor's Report. The Governors met formally on a total of 5 occasions during 2022 (2021 : 5). The Governors approved the strategies and major policies related to the running of the Charitable Company, including the Standing Financial Instructions and the budget for the year ending 31 December 2023.

The Governors monitor performance in all key areas through several key performance indicators and receive regular reports on Activity, Finance, Complaints, Risk Management, Governance, and Health & Safety from the Hospital Executive.

Attendance at Meetings

The record of attendance at Board and major Board Committee Meetings during the year ended 31 December 2022 is stated in the table below:

	Board		Audit Committee		Rem & Nom Committee	
	Called to	Attended	Called to	Attended	Called to	Attended
Angela Hays	5	5	-	-	2	2
Bob Andrews	5	5	-	-	-	-
Paula Clark	5	5	4	4	2	2
Kim Horsford	5	3	-	-	2	2
Adrian Humphreys	4	4	-	-	-	-
Alan Pilgrim	5	4	4	4	-	-
Paul Rich	5	4	4	4	-	-

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Insurance of Governors

The Hospital maintains insurance for the Governors in respect of their duties as directors and Governors.

Taxation

The Benenden Hospital Trust is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the Charitable Company is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the current financial year (2021: £nil).

Governors' Responsibilities in Relation to the Financial Statements

The Governors (who are also Directors of the Benenden Hospital Trust for the purposes of company law and are also Trustees of the Benenden Hospital Trust) are responsible for preparing a Governor's annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Governors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing the financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included in the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Section 172 Report

The Governors recognise the best practice outlined in section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Hospital for the benefit of its stakeholders. In doing so, they will have regard to:

- a. The likely consequences of any decision in the long term – as set out on page 9, following the end of the impacts of the COVID-19 pandemic the Hospital has developed a new integrated Vision and Strategy for the next 5 years which will prepare the Hospital for the future.
- b. The interests of the Charitable Company's employees – as set out on page 5, the Hospital places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, a fortnightly internal newsletter (Connect), presentation of the Annual Operational Plan to all staff, and the Hospital intranet.
- c. The need to foster the Charitable Company's business relationships with suppliers, customers and others – throughout 2022 the Hospital has worked closely with its suppliers to ensure that, despite global supply chain issues, the Hospital has not been adversely impacted by stock shortages. As noted on page 5 the Hospital engages with its consultant colleagues through the Medical Advisory Committee. The Hospital meets regularly with its key NHS and Private Medical Insurance customers to ensure it continues to meet their needs.
- d. The impact of the Charitable Company's operations on the community and environment – as noted on page 9, the Hospital's commitment to a sustainable future forms an integral part of its 5 year strategy. This does not only include environmental sustainability, but also covers social and governance responsibilities.
- e. The desirability of the Charitable Company maintaining a reputation for having high standards of business conduct – the Hospital's values, which determine the way that BHT acts at all times, are set out on page 5. The Hospital is very proud to have maintained its Outstanding rating with the Care Quality Commission. The Board of Governors review both safety and patient experience each time they meet.
- f. The need to act fairly as between stakeholders of the Charitable Company – as noted on page 5, the Hospital prides itself on providing equal employment opportunities for all. As set out on page 4 the objectives of the Charitable Company are to provide treatment to members of the Society, their nominees and anybody else that the Governors consider in need.

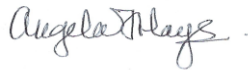
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Statement as to Disclosure to our Auditor

In so far as the Governors are aware at the time of approving our Governors' Annual Report:

- There is no relevant information, being information needed by the Auditor in connection with preparing their report, of which the Charitable Company's auditor is unaware; and
- The Governors, having made enquiries of fellow directors and the Charitable Company's Auditor that they ought to have individually taken, have each taken steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

By order of the Board of Governors



Ms Angela Hays

Chair of the Board of Governors of the Benenden Hospital Trust

3 May 2023

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of The Benenden Hospital Trust (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities;
- the charitable company balance sheet;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis of 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Material uncertainty relating to going concern

We draw attention to note 1 (b) in the financial statements, which indicates that the Governors are currently planning for a transaction with the Benenden Healthcare Society for the sale of the trading assets and liabilities of the charitable company to a subsidiary of the Society. The transaction is subject to approval by the Members of the charitable company and by the Charity Commission, as well as completion of legal and regulatory procedures. As stated in note 1(b), these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Governors

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

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Governors about their own identification and assessment of the risks of irregularities, including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act, UK Companies Act, pensions legislation, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations, Care Quality Commission regulations and relevant employment legislation.

We discussed among the audit engagement team including relevant internal specialists such as IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our Report

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



David Heaton FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom

3 May 2023

Statement of Financial Activities

For the year ended 31 December 2022

	Note	Restricted Funds 2022 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Income & Endowments from					
Donations and Legacies	3	-	1,275	1,275	1,733
Income from Charitable Activities		-	41,495	41,495	37,930
Other Trading Activities		-	302	302	283
Income from Investments		-	10	10	-
Total Income		-	43,082	43,082	39,946
Expenditure on Charitable Activities					
	4	-	(44,371)	(44,371)	(40,351)
Net (Expenditure) & Net movement in funds for the year					
	6	-	(1,289)	(1,289)	(405)
Reconciliation of Funds					
Total Funds Brought Forward		59	16,482	16,541	16,946
Total Funds Carried Forward	13,14	59	15,193	15,252	16,541

All activities continue to relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year and the prior year.

Total funds for 2022 includes £59k of restricted funds under Reconciliation of Funds.

The notes on pages 26 to 41 form part of the financial statements.

Balance Sheet

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed Assets			
Tangible Assets	8	8,580	9,591
Intangible Assets	9	1,513	1,720
		10,093	11,311
Current Assets			
Stock	10	528	662
Debtors	11	3,353	3,876
Cash at Bank & in Hand	17	4,961	3,864
Total Current Assets		8,842	8,402
Creditors			
Amounts Falling Due Within One Year	12	(3,683)	(3,172)
Net Current Assets		5,159	5,230
Net Assets	14	15,252	16,541
The Funds of the Charity			
Restricted Funds	13	59	59
Unrestricted Funds	13	15,193	16,482
Total Charity Funds		15,252	16,541

The Financial Statements were approved by the Governors on 3 May 2023 and signed on its behalf.



Ms Angela Hays
Chair of the Board of Governors of The Benenden Hospital Trust

The notes on pages 26 to 41 form part of these Financial Statements

Cash Flow Statement

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash from Operating Activities	15	2,388	3,582
Cash Flows from Investing Activities			
Returns on Investments & Servicing of Finance	16	10	-
Capital Expenditure	16	(1,301)	(1,661)
Cash used in Investing Activities		(1,291)	(1,661)
Increase in Cash & Cash Equivalents in the Year		1,097	1,921
Cash & Cash Equivalents at the Start of the Year		3,864	1,943
Total Cash & Cash Equivalents at the End of the Year	17	4,961	3,864

The notes on pages 26 to 41 form part of these Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2022

1 Statement of Accounting Policies

a. Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 – effective 1 January 2019) and the Companies Act 2006. The Benenden Hospital Trust ("BHT" or "Hospital" or "the Charitable Company") meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b. Preparation of the Accounts on a Going Concern Basis

The accounting rules require the Governors to assess, as part of the accounts production process, the Hospital's ability to continue as a going concern.

On an on-going basis BHT monitors performance against the 2023 budget and reviews the out-turn position. Performance to date in 2023 is better than budget.

The Governors have considered the latest forecast, based on actuals to 28 February 2023, against the original budgeted/planned position to 31 December 2024. Currently it is not expected that the Hospital will require any further support from the Society but support up to a level of £5m has been agreed if required to enable the Hospital to meet its obligations as they fall due.

In February 2022 the Society have made an offer to the Hospital for the transfer of the trading assets and liabilities of the Hospital to a subsidiary of the Society. In July 2022 an application was submitted to the Charity Commission for the approval of the proposed transaction. At the date of signing the accounts a response has not been received. In addition, the proposed transaction would also be subject to approval by the Members of the Hospital, as well as completion of necessary legal and regulatory steps. Whether a transaction will occur, and its timing, is therefore uncertain.

Having considered the uncertainties, future financial projections and the funding support provided by the Society to support the financial operations, the Governors have a reasonable expectation that the Charitable Company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

However, given the proposed transaction with the Society to transfer the business and assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Notes to the Financial Statements

For the year ended 31 December 2022

1 Statement of Accounting Policies

c. Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

d. Income from Charitable Activities

Income is recognised in the period in which the Hospital has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income generated from patient services in the operation of an independent hospital is recognised to the extent that it is probable that the economic benefits will flow to the Hospital and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

e. Donations & Legacies

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is recognised where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donations received from the Society in 2022 were used to fund capital expenditure.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

f. Interest Received

Interest on funds held on deposit is accrued as earned and added to the source fund to ensure appropriate use.

Notes to the Financial Statements

For the year ended 31 December 2022

1 Statement of Accounting Policies

g. Income from Other Trading Activities

Income from other trading activities comprises revenue recognised by the Charitable Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

h. Expenditure on Charitable Activities

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

i Pensions

BHT and the Society are participating employers in a pension scheme ("the scheme") which provides both a defined benefit and a defined contribution pension scheme that is contracted out of the State Scheme.

The funds held under the defined benefit scheme are valued every three years by a professionally qualified independent actuary, with the rates of contribution payable then being determined by the Pension Trustees on the advice of the independent actuary. The Society is the principal employer and, in line with FRS102, is considered the sponsoring employer of the scheme as it recognises the net defined benefit cost of the scheme and there is no contractual agreement or stated policy for recharging the section 28 net defined benefit cost. Consequently, the Society has recognised the FRS102 deficit of £13,831k (2021: £29,036k) at 31 December 2022, of which BHT's share is £11,756k (2021: £24,681k). The Board of Governors unanimously reached agreement on the requirement of the Hospital to make deficit payments in relation to the pension and payments started in March 2021.

The pension deficit payments are recognised in the statement of financial activities as they are incurred.

j. Operating Leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 December 2022

1 Statement of Accounting Policies

k. Tangible Fixed Assets & Depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

The Capitalisation Policy capitalises individual equipment purchases or groups of like purchases with a value of £5,000 or greater.

Depreciation is calculated to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold Improvements	4%
Medical Equipment	20%
Computer Equipment	33%
Fixtures & Fittings	14%
Motor vehicles	25%

l. Intangible Fixed Assets & Depreciation

Intangible fixed assets represent computer software and licences. The cost of these assets is their purchase cost, together with any incidental costs of acquisition such as development and implementation costs.

Computer software and licences are amortised on a straight-line basis over their expected useful economic life, at an annual rate of 20%.

m. Stock

Medical consumables and pharmacy stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

n. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o. Cash at Bank & in Hand

Cash at bank and in Hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p. Creditors & Provisions

Creditors and provisions are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the Financial Statements

For the year ended 31 December 2022

1 Statement of Accounting Policies

q. Financial Instruments

BHT does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from trade debtors and payables to creditors and suppliers. The recognition of trade debtors and trade creditors is at cost. Deferred Income, accruals and prepayments are recognised at the amortised cost.

Financial assets and financial liabilities are recognised when the hospital becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires. Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2022

2 Critical Judgements & Key Sources of Estimation Uncertainty

Preparation of the financial statements requires the Governors and management to make judgements and estimates. The items in the financial statements where these critical accounting judgements have been made include:

- **Pensions;** Assets of the scheme are held in The Benenden Healthcare Pension Plan. The Scheme also administers the pension arrangements of the Society. Under FRS102 the Society is considered to be the sponsoring employer, as it recognises the net defined benefit cost, and as such the Society has recognised the whole deficit of £13,831k (2021: £29,036k) as the deemed sponsoring employer. At 31 December 2022 the deficit attributable to BHT was £11,756k (2021: £24,681k). In January 2021 BHT entered into an agreement with the scheme and the Society whereby BHT would make deficit payments in relation to the pension and payments started in March 2021.

Other areas of judgement and estimation which the Governors and management draw attention to for the purposes of an understanding of the financial statements (but which are not critical accounting judgements or key sources of estimation uncertainty under FRS 102) include:

- **Tangible Fixed Assets;** As stated in the accounting policy for Tangible Fixed Assets, the Hospital's assets are depreciated over their useful economic lives considering residual values, where appropriate. The actual lives of the assets and the residual values are assessed annually and may vary depending on a number of factors.

Notes to the Financial Statements

For the year ended 31 December 2022

3 Donations & Legacies

	2022 £'000	2021 £'000
Legacies	418	53
Donations – Benenden Healthcare Society	852	1,640
Donations – Rising Mercury Society	5	40
Total Donations & Legacies	1,275	1,733

There were no restrictions placed on any funds from Donations and Legacies received in 2022.

4 Analysis of Resources Expended by Expenditure Type

	Note	2022 £'000	2021 £'000
Staff Costs	7	15,996	14,146
Depreciation & Amortisation		2,541	2,335
Clinical Consultants Fees		10,645	9,557
Medical Consumables		5,964	5,940
Clinical Service Contracts		653	480
Governance Costs	5	180	260
Marketing & Business Development		434	370
Rent Payable to Benenden Society		2,463	2,300
IT Service Costs		1,728	1,711
Hospital Services		3,767	3,252
Total Expenditure by Type		44,371	40,351

Costs incurred in raising charitable funds are immaterial.

Notes to the Financial Statements

For the year ended 31 December 2022

5 Governance Costs

	2022 £'000	2021 £'000
Auditor's remuneration	69	66
Internal audit costs	37	49
Legal costs	74	145
	<u>180</u>	<u>260</u>

6 Net (Expenditure)/Income

Net (expenditure)/income is stated after charging:

	Note	2022 £'000	2021 £'000
Depreciation of Tangible Fixed Assets	8	<u>2,217</u>	<u>2,166</u>
Amortisation of Intangible Fixed Assets	9	<u>324</u>	<u>169</u>
Operating Lease Rentals	18	<u>59</u>	<u>60</u>
Property Lease Rentals	18	<u>2,463</u>	<u>2,300</u>

Notes to the Financial Statements

For the year ended 31 December 2022

7 Employees, Staff & Agency Costs

Average monthly number of people employed was as follows:

	2022 Number	2021 Number
Clinical Staff	179	170
Clinical Support Staff	84	81
Administrative Staff	118	118
Total Staff Excluding Bank Staff	381	369
Average bank staff paid in a month	45	35
Average bank staff not paid in a month	25	47
Total Bank Staff	70	82
Average FTEs (Permanent Staff)	315	303
Average FTEs (Bank Staff)	12	9
Average Monthly Full Time Equivalent Employees	327	312

Staff and agency costs were as follows:

	2022 £'000	2021 £'000
Staff Costs	10,358	9,323
Social Security Costs	965	820
Pension Costs	3,764	3,100
Redundancy Costs (including payment in lieu of notice)	139	296
Agency Staff	770	607
Total Staff & Agency Costs	15,996	14,146

Notes to the Financial Statements

For the year ended 31 December 2022

The number of employees who received emoluments above £60,000 in the period were as follows:

	2022 Number	2021 Number
£60,000 to £70,000	4	5
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-
£110,001 to £120,000	2	2
£120,001 to £130,000	1	1
£170,001 to £180,000	-	1
£210,001 to £220,000	1	-

The key management personnel of BHT are the Governors and the Hospital Executive as set out on page 10. The charity trustees/Governors were not paid and did not receive any other benefits from employment with BHT during 2022 (2021: £nil).

The Hospital Executive received total employee benefits of £704k in 2022 (2021: £684k) of which the Hospital Director was the highest paid employee receiving total employee benefits of £232k (2021: £196k) including £16k in employer's pension contributions (2021: £18k).

8 Tangible Fixed Assets

	Leasehold Improvements £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2022	10,937	12,606	127	23,670
Additions	55	1,156	-	1,211
Disposals	-	(22)	(42)	(64)
At 31 December 2022	10,992	13,740	85	24,817
Depreciation				
At 1 January 2022	4,920	9,049	110	14,079
Charge for the Year	436	1,775	6	2,217
Disposals	-	(22)	(37)	(59)
At 31 December 2022	5,356	10,802	79	16,237
Net Book Value				
At 31 December 2022	5,636	2,938	6	8,580
At 31 December 2021	6,017	3,557	17	9,591

Notes to the Financial Statements

For the year ended 31 December 2022

9 Intangible Fixed Assets

	Computer software & licences £'000
Cost	
At 1 January 2022	1,889
Additions	117
At 31 December 2022	2,006
Depreciation	
At 1 January 2022	169
Charge for the Year	324
At 31 December 2022	493
Net Book Value	
At 31 December 2022	1,513
At 31 December 2021	1,720

10 Stock

	2022 £'000	2021 £'000
Pharmacy Stock	60	46
Medical Consumables Stock	468	616
Total Stock	528	662

There is no material difference between the carrying value of stock and its replacement cost.

Notes to the Financial Statements

For the year ended 31 December 2022

11 Debtors

	2022 £'000	2021 £'000
Trade Debtors	880	1,183
Amounts due from Related Parties	1,819	2,135
Prepayments	654	558
Total Debtors	3,353	3,876

At 31 December 2022 the total of all amounts due to BHT from the Society was £1,819k (2021: £2,135k) relating to December 2022 activity. Amounts due from the Society are repayable on the 25th of the month following the activity and do not incur interest.

12 Creditors: Amounts Falling Due Within One Year

	2022 £'000	Restated 2021 £'000
Trade Creditors	1,025	1,407
Amounts Due to Related Parties	395	105
Social Security & Other Taxes	271	211
Other Creditors	88	131
Deferred Income	584	303
Accruals	1,320	1,015
Total Creditors	3,683	3,172

In 2021 Amounts Due to Related Parties of £105k were reported as part of Accruals. These have now been extracted and disclosed separately in 2022.

Included in Other Creditors is a provision for professional fees relating to insurance claims of £37k (2021: £18k).

Deferred income of £584k (2021: £303k) represents amounts received from Private Patients in advance of treatments being carried out.

Notes to the Financial Statements

For the year ended 31 December 2022

13. Statement of Funds

	Brought Forward 1 Jan 2022 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers In/Out £'000	Carried Forward 31 Dec 2022 £'000
Designated Funds	-	-	-	-	-
General Funds	16,482	43,082	(44,371)	-	15,193
Unrestricted Funds	16,482	43,082	(44,371)	-	15,193
Restricted Funds	59	-	-	-	59
Total Funds	16,541	43,082	(44,371)	-	15,252

14. Analysis of Net Assets Between Funds

	Restricted Funds 2022 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000	Total Funds 2021 £'000
Fixed Assets	-	10,093	10,093	11,311
Current Assets	59	8,783	8,842	8,402
Current Liabilities	-	(3,683)	(3,683)	(3,172)
Total of Net Assets	59	15,193	15,252	16,541

Notes to the Financial Statements For the year ended 31 December 2022

15 Net Cash Flow from Operating Activities

	2022 £'000	Restated 2021 £'000
Net (Outgoing) Resources	(1,289)	(405)
Returns on Investments & Servicing of Finance	(10)	-
Depreciation of Tangible Fixed Assets	2,217	2,166
Amortisation of Intangible Fixed Assets	324	169
Profit on Disposal of Tangible Fixed Assets	(22)	(11)
Decrease/(Increase) in Stocks	134	(128)
Decrease/(Increase) in Debtors	207	893
Decrease in Amounts Owed by Related Parties	316	250
(Decrease)/Increase in Trade Creditors & Accruals	(77)	664
Increase in Amounts Owed to Related Parties	290	(163)
Increase/(Decrease) in Social Security & Other Taxes	60	(19)
Increase in Other Creditors and Deferred Income	238	166
Net Cash Inflow from Operations	2,388	3,582

The prior year figures have been restated to separately report the movement on Amounts Owed to Related Parties as disclosed in note 12. In 2021 this was reported as part of the movement on Accruals.

16 Analysis of Cash Flows for Headings Netted in Cash Flow Statement

	2022 £'000	2021 £'000
Returns on Investments & Servicing of Finance		
Interest Received	10	-
Capital Expenditure		
Purchase of Tangible Fixed Assets	(1,211)	(758)
Purchase of Intangible Fixed Assets	(117)	(919)
Proceeds from Sale of Tangible Fixed Assets	27	16
	(1,301)	(1,661)

Notes to the Financial Statements

For the year ended 31 December 2022

17 Analysis of Changes in Net Debt

	1 January 2022 £'000	Cash Flow £'000	31 December 2022 £'000
Cash at Bank & in Hand	3,864	1,097	4,961
Total Net Funds	3,864	1,097	4,961

18 Financial Commitments

At 31 December 2022 the charitable company had total commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2022	2021 Restated	2022	2021 Restated
	£'000	£'000	£'000	£'000
Amounts Due:				
Within 1 year	2,600	2,463	59	69
Between 1 and 5 years	10,400	9,852	178	179
After more than 5 Years	39,000	39,408	-	1
	52,000	51,723	237	249

The prior year figures have been restated to correct an error in the financial statements for the year ended 31 December 2021 where only the amount of commitments for the next 12 months was disclosed rather than the total commitments.

19 Pension Obligations

The charity participates in a defined benefit and defined contribution scheme (please note that the defined benefit scheme closed for future accruals at 31 December 2018 with no more contributions to it from 1 January 2019).

The total net cost for the charity for the year was £3,764k (2021: £3,100k). Assets of the pension scheme ("the scheme") are held in The Benenden Healthcare Pension Plan. The scheme also administers the pension arrangements of the Society. The scheme is currently in significant deficit and requires the Benenden Hospital Trust to make extra contributions to the scheme as part of the recovery plan. The actuaries have confirmed that it is possible to separate the BHT's assets and liabilities in the scheme and at 31 December 2022 the deficit attributable to BHT was £11,756k (2021: £24,681k). However, disclosure in these accounts is made on the basis that it is a defined benefit scheme with the deficit of £13,831k (2021: £29,036k) being recognised by the deemed sponsoring employer, the Society.

Notes to the Financial Statements

For the year ended 31 December 2022

20 Related Party Transactions

The Benenden Hospital Trust ("BHT") is a controlled body of The Benenden Healthcare Society Limited ("Society") who are an incorporated friendly society, registered under the Friendly Societies Act 1992, registered number 480F. Control is exercised by the Society through the power to appoint or remove the majority of the Hospital's trustees and by the Society being a member of the Hospital Trust. The Society's principal activity is the provision of medical and well-being services to its members.

The Society had the following transactions with the charitable company during the year ended 31 December 2022:

- (a) The Society made cash donations to the charitable company of £852k (2021: £1,640k).
- (b) The Society paid the charitable company for its members to be treated at the hospital to a value of £25,474k (2021: £24,160k).
- (c) The Society paid the charitable company for miscellaneous costs to a value of £15k (2021: £37k).
- (d) The Society charged the charitable company rent of £2,463k (2021: £2,300k) for the use of the hospital site.
- (e) The Society recharged the charitable company for insurance costs of £395k (2021: £318k), for audit costs of £18k (2021: £49k), for costs of employee membership to the Society of £52k (2021: £53k) and for IT costs of £720k (2021: £383k).

BHT leases the hospital site from the Society under a 25 year lease which commenced on 1 January 2018 and expires in July 2042, with annual rent starting at £3,103k and subject to annual increases in line with RPI. The lease was revalued at 31 January 2021 and the annual rental reduced to £2,300k. Future rental payments will continue to be subject to annual increases in line with RPI and market valuation every 5 years.

At 31 December 2022 the total of all amounts due to BHT from the Society was £1,819k (2021: £2,135k).

At 31 December 2022 the total of all amounts due from BHT to the Society was £395k (2021: £105k).

The consolidated accounts for the Society are available at www.benenden.co.uk/about-benenden.

21 Events After The Balance Sheet Date

The Charitable Company has no events to disclose after the balance sheet date.

Accounts

The Benenden Hospital Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 December 2021
Registered Number: 03454120
Charity Number: 1065995

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The Board of Governors Annual Report 2021

The Board of Governors (who are Directors of the Benenden Hospital Trust for the purposes of the Companies Act 2006 and are also Trustees of the Benenden Hospital Trust) present their Annual Report and audited Financial Statements of The Benenden Hospital Trust ("BHT" or "Charitable Company" or "Hospital") for the year ended 31 December 2021.

The Annual Report and Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Chair's Report

I am pleased to report that, despite the continued impact of the COVID-19 pandemic, in the year ended 31 December 2021 the Hospital helped over 64,000 patients and grew income by 18%.

The Hospital's contract with NHS England for COVID support came to an end on 31 December 2020, enabling BHT to return to normal operations from January 2021. However, COVID-19 continued to impact the performance of the Hospital throughout the year.

The first quarter saw very significant issues with resourcing anaesthetists during the second wave of the pandemic, resulting in our theatres unable to operate at full capacity. More recently, the highly transmissible Omicron variant has increased the pressure on resources due to staff absences, whether through illness or self-isolation. The pandemic has continued to impact patient confidence, introducing a fear factor preventing patients from seeing their GP or seeking referrals to hospital for diagnosis or treatment.

The Hospital has successfully implemented its Commercial Strategy and seen growth in Self-Pay Patient income of 116% to £8.7m.

In addition to the exceptional growth in Self-Pay Patient income, the number of Society members treated by the Hospital has continued to grow throughout the year and is now approaching pre-pandemic levels. In total, income from Society members grew by 37% in the year. With careful cost control and optimal use of facilities BHT has delivered, what is considered to be, an acceptable net deficit of £405,000 for the year. In spite of the challenges during the year the Hospital has retained its CQC Outstanding status, a reflection of everyone's contribution and maintaining high standards.

The Hospital continues to support both the physical and mental wellbeing of its staff and, I am pleased to say, was recently awarded a "We invest in wellbeing" Silver Award by Investors in People and that during 2021 we adopted the Real Living Wage to ensure that all our staff were fairly compensated for their work.

In 2022, we look forward to our patient numbers returning to pre-pandemic levels enabling us to support more members plus continue to grow our Self-Pay Patient income.

I would like to take this opportunity to thank all of the Hospital staff for their professionalism, dedication, and commitment over the last year, a significant achievement in the circumstances.

The Board of Governors Annual Report 2021

Objectives and Activities

About Benenden Hospital Trust Limited

The principal objectives and activities of BHT are governed by its Articles of Association. The principal objective of the Trust is 'the relief of hardship caused by sickness, infirmity, disability or any medical condition in particular by the provision of surgical and medical treatment, nursing care and otherwise to the members of The Benenden Healthcare Society Limited (Society), their nominees and, if the Governors think fit, to other persons in need'.

In setting BHT's objectives and planning its activities the Governors have considered the Charity Commission's general guidance on public benefit.

Our Strategic Objectives

BHT's strategic objectives, which value its ethos and mission are:

- | | |
|-------------------|---|
| Growth | <ul style="list-style-type: none">• Constantly improve the range of quality services provided by the hospital |
| Efficiency | <ul style="list-style-type: none">• Deliver growth in private patient income• Invest in our people to increase our capabilities• Drive down cost through continuous process improvement and investing in technology |
| Excellence | <ul style="list-style-type: none">• Maintain high standards of quality and delivery of safe patient focused care• Attract new talent by being an employer of choice |

Our Activities

BHT is the main provider of surgical and medical treatment to members and nominees of the Society, which provides low cost health care to its members with membership open to all. In addition, services are increasingly provided to patients funding their own treatment directly as Self-pay, or through Private Medical Insurance cover. BHT is an accredited NHS Provider with NHS patient referrals accepted for a range of specialties with local Clinical Commissioning Group (CCG) contracts in place. Services to the NHS are provided under the NHS Capacity Framework Agreement.

BHT measures the success of its activities both in terms of financial performance and also in terms of the number of patients treated during the year.

The Board of Governors Annual Report 2021

Our Principles

BHT always acts within the context of a set of guiding principles:

- a belief that every patient and their families are unique individuals placed at the heart of everything we do;
- the Governors will, if deemed fit, treat patients in need, wherever they live in UK;
- all patients receive a professional, patient focused and caring service;
- respect for all faiths and a belief that there is a special pastoral dimension in caring for others which involves a combination of spiritual, emotional, physical and ethical elements;
- the need to treat and care for each patient, patient's family, friends and colleagues with respect and dignity; and
- an acknowledgement of the physical, mental and social vulnerabilities that patients may experience, and BHT's responsibility to safeguard them.

Our People

BHT places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, a fortnightly internal newsletter (Connect), presentation of the Annual Operational Plan to all staff, and Bnet - an intranet site with a dedicated section for Health and Wellbeing.

BHT prides itself in providing equal opportunities to all and welcomes applications from a diverse range of applicants, including those with disabilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Charitable Company continues and that appropriate training is arranged. It is the policy of the Charitable Company that the training, career development and promotion of all individuals is equal, as far as is possible.

BHT also values the opportunity to work in partnership with our consultant colleagues who support the hospital through engagement in the Medical Advisory Committee, specialty reviews and service development initiatives as well as providing high quality care to our patients.

The Board of Governors Annual Report 2021

Achievements and Performance

Performance

During 2021 the Hospital saw a significant growth in activity levels:

	2021 Number	2020 Number	Growth %
Referrals	26,579	22,372	+18.8%
Appointments	68,279	50,678	+34.7%
Admissions	8,948	6,310	+41.8%

The growth in activity levels was driven by a steady improvement in referrals from Society towards pre-COVID 19 pandemic levels and a very significant growth in Self-pay income driven by record high levels of patient backlog in the NHS. Income from the NHS fell by 56.6% as a result of the COVID-19 contract with NHS England not being extended at the end of 2020. Income from charitable activities can be analysed by channel as follows:

	2021 £'000	2020 £'000	Growth %
Income from:			
Society	24,160	17,606	+37.2%
NHS	4,431	10,203	-56.6%
Self-Pay	8,728	4,042	+115.9%
Private Medical Insurance	611	203	+201.0%
Total income from charitable activities	37,930	32,054	+18.3%

Evolution of Clinical Services

Following a COVID-19 pause in 2020, Bariatric surgery recommenced in March 2021 and Breast reduction surgery recommenced in April 2021.

We Invest in Wellbeing

To reflect its commitment to all aspects of employee wellbeing, in December 2021 the Hospital was awarded a "We invest in wellbeing" Silver Award by Investors in People.

Best of Benenden

Every year we recognise the outstanding contributions our staff make to the Hospital at the annual Best of Benenden Awards. These respected peer-nominated awards recognise excellence and innovation and honour the efforts of individuals and teams who embody the organisation's values and behaviours and those who make a significant positive impact at the Hospital. Because of the ongoing COVID-19 pandemic, in 2021 the award ceremony was held virtually and streamed to all of the Hospital's employees.

The Board of Governors Annual Report 2021

Financial Review

In the opinion of the Governors the overall level of activity and financial position of the Charitable Company remains satisfactory. As well as prior year comparatives, the figures for 2019 have also been included to indicate pre-COVID 19 performance.

The Charitable Company's income for the year from all sources was £39,946k (2020: £35,229k, 2019: £41,554k) and within this total income are legacies received during the year amounting to £53k (2020: £297k, 2019: £59k). The Charitable Company's total expenditure for the year was £40,351k (2020: £34,484k, 2019: £41,766k). For the year, there was a net deficit of £405k (2020 surplus of £745k, 2019: loss of £222k). The net asset position at the 31 December 2021 was £16,541k (2020: £16,946k, 2019: £16,201k).

The Charitable Company's principal source of Income is from clinical services and treatment provided to Society members. In addition, BHT received voluntary donations of £1,640k (2020: £2,701k, 2019: £1k) from the Society as contribution to support capital investment and marketing expenditure. The Charitable Company's Statement of Financial Activities for the year is set out on page 23.

Summary of Financial Results

	2021 £'000	2020 £'000
Donations and Legacies	1,733	3,004
Income from Charitable Activities	37,930	32,054
Other Income	283	171
Total Income	39,946	35,229
Expenditure on Charitable Activities (excluding depreciation & amortisation)	(38,016)	(32,241)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	1,930	2,988
Depreciation & Amortisation	(2,335)	(2,243)
Net (Deficit)/Surplus	(405)	745

Reserves Policy

As at 31 December 2021, BHT held £5.2m (2020: £5.8m) in free reserves (net assets excluding fixed assets and restricted funds), although it is not required to do so by the Charities Commission. These reserves are to cover the working capital requirement for at least one month.

In 2021 BHT revised its target Reserves Policy upwards to the equivalent of 3.0 x monthly running costs (all hospital costs excluding directly variable costs). At 31 December 2021 the level of

The Board of Governors Annual Report 2021

Reserves was equivalent to 2.6 x monthly running costs (2020: 2.2x), which is considered acceptable progress towards the target of 3.0.

The current ratio (current assets: current liabilities) target of 2.0 was exceeded at 31 December 2021 with a ratio of 2.8 (2020: 3.0).

Going Concern

The Governors are required to assess the ability of BHT to continue as a going concern as part of the annual accounts production process (detailed information is provided in the going concern note within the Statement of Accounting Policies).

The Governors have considered, in detail, the forecasted financial position to the end of 2023, this being at least 12 months from the date of signing of the financial statements and based on the actual performance to 28 February 2022. The assessment has been made on a prudent view and this shows that cash levels are expected to remain above the monthly minimum target of £2m throughout this period. The Society has agreed, through a Letter of Comfort, to support the Hospital with a further £5m if required at any point during this period. The Governors are satisfied with the level of support that this letter provides.

In February 2022 the Society have made an offer for the transfer of the business and the assets of the Hospital to a subsidiary of the Society. This proposed transaction is not as a result of any financial issues and there is no intention for the business of the hospital to cease at any time in the future.

The proposed transaction is subject to approval by the Members of The Benenden Hospital Trust and by the Charity Commission, as well as completion of other necessary regulatory and legal steps. It is uncertain how long the process of obtaining Members approval and regulatory consent will take, and therefore both whether a transaction will occur, and the timing of any transaction, are uncertain.

Having considered the uncertainties, future financial projections and the funding provided by the Society to support the financial operations, the Governors have determined that it remains appropriate to adopt the going concern basis in preparing the financial statements.

However, given the proposed transaction with the Society to transfer the assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The Board of Governors Annual Report 2021

Future Plans

Vision

The vision of BHT is to be the first-choice private hospital in Kent and Sussex for patients, primary care providers, medical consultants and employees. The key objective during 2022 and beyond is to build on the progress already made in third party income growth and push harder to deliver the overarching strategy of achieving-self funding status.

Commercial Strategy

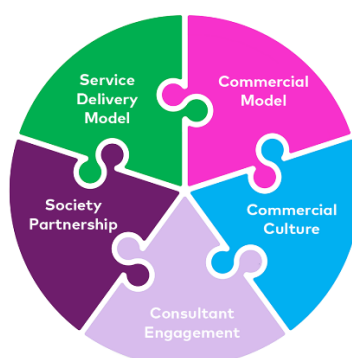
Historically the Hospital has been reliant on the Society as its principal source of income. In order to reduce this reliance and to develop the Hospital's future financial sustainability in 2021 the Hospital Executive and the Governors developed a Commercial Strategy. At the heart of this is the objective to significantly raise the profile of BHT as a provider of private patient services with the ambition to be the preferred provider of choice in Kent and Sussex. During 2022 BHT will continue to embed the Commercial Strategy across the organisation.

As part of the Commercial Strategy a commercial culture and mindset are being embedded to ensure that members of staff think and act in a way that ensures high quality services continue to be delivered as efficiently and effectively as possible.

The Hospital Executive continuously seek new opportunities to generate private income, partner with individuals and groups that actively support our commercial goals, invest in projects which provide a good return on investment and ensure lean practices and processes support efficient and effective service delivery.

The Commercial Strategy underpins BHT's key strategic objectives of Growth (generating additional and sustainable income streams), Efficiency (an improved overall efficiency and commercial operating model of the Hospital) and Excellence (clinical services, quality, safety and people experience).

BHT Commercial Strategy Model is broken down into five connecting segments as follows:



The Board of Governors Annual Report 2021

Commercial Model

Our commercial model and pricing reflect market forces and our commercial response is agile, supported by clear, transparent processes that are efficient, simple to understand and follow. Our product selection and contracts reflect this principle and support the overall commercial vision.

Commercial Culture

BHT ensures that we are equipped with the right skills required to deliver our commercial strategy and empower managers and teams to behave in a more commercial way, prepared to take risks and demonstrate efficiency and better agility to bring about the required changes. A commercial mindset is being implemented which will support individuals to develop their skills, knowledge and behaviours required to support and achieve the commercial vision.

Consultant Engagement

We are working in partnership with our consultants on a commercial basis and support those consultants and clinical services with strong ambitions to develop their commercial and private patient activities. We are developing strong bonds with private medical secretaries and are ensuring that our technology supports ease of access and scheduling of consultant own referrals.

Society Partnership

We are working in partnership with Society, exploring opportunities to work together towards mutual benefits.

Service Delivery Model

Our service delivery models, from first point of contact to sale and after sale, reflect the level of priority and identified financial requirements.

Careful, efficient and productive use of all clinical facilities, underpinned by safe, lean, benchmarked and productive staffing structures are being put in place.

The Board of Governors Annual Report 2021

Reference and Administrative Information

The Board of Governors

Nominated Governors (Trustees)

- Ms A Hays (Chair)
- Mr R Andrews
- Mrs P Clark
- Mr A Humphreys

Appointed Governors (Trustees)

- Mrs K Horsford
- Mr A Pilgrim
- Mr P Rich

Hospital Executive

- Mrs J Abbott, MSc BA (Hons): Hospital Director & Company Secretary
- Ms M Anderson, MCIPD: Director of Human Resources & Organisational Development
- Mr R Connell, MD FRCOG: Medical Director
- Mr M Cowling: Group IT Director
- Mrs C Harley, MA MSc: Director of Patient Services
- Mr P Puxty, FCA: Director of Finance (appointed 6 September 2021)
- Mrs C Wood, ACA: Director of Finance (resigned 11 June 2021)

External Auditors

Deloitte LLP
3 Victoria Square, Victoria Street, St Albans, AL1 3TF

Internal Auditors

RSM Risk Assurance Services LLP
5th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Bankers

National Westminster Bank PLC
South Essex Commercial Office, 3rd Floor Phoenix Place, Christopher Martin Road, Basildon,
SS14 3GQ

Solicitors

Brachers LLP
Somerfield House, 59 London Road, Maidstone, ME1 6 8JH

The Board of Governors Annual Report 2021

Registered Office & Business Address

The Benenden Hospital Trust
Goddard's Green Road, Benenden, Cranbrook, TN17 4AX

Telephone: 01580 230661

Website: www.benendenhospital.org.uk

Registered number: 3454120

Charity number: 1065995

Structure, Governance and Management

Structure

BHT was incorporated in the United Kingdom on 23 October 1997 (company number 3454120) and was registered as a Charitable Company by the Charity Commissioners on 20 November 1997 (registered number 1065995). The Articles of Association, as amended by a special resolution dated 27 February 2014, govern the Charitable Company.

On the 1 July 2003 BHT became a controlled body of The Benenden Healthcare Society Limited which is an incorporated Friendly Society, registered under the Friendly Societies Act 1992 (registered number 480F). Transactions with related parties are set out in note 20 to the Financial Statements.

Appointment of Governors

The Governors are appointed in accordance with the Charitable Company's Articles of Association. The number of the Governors should not be less than three but is not subject to any maximum. Appointments are normally reviewed every two years and Governors are either re-appointed or replaced with new appointments. In line with the Society's own articles, aligned with its regulator as a Friendly Society, the Society shall appoint the majority of the Governors and may remove or replace any person it appoints.

BHT may also, by ordinary resolution, appoint a person(s) who is willing to act to be a Governor either to fill a vacancy or as an additional Governor providing that there is always the majority of Nominated Governors on the Board. No person shall be appointed or re-appointed a Governor at any general meeting unless they are recommended by the Governors.

New appointees undergo an induction programme to BHT and together with existing Governors periodically undertake a training course to understand the duties and responsibilities of Governors.

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Hospital Audit Committee

The Governors have an established Audit Committee. This is a sub-committee of the Board and is responsible for ensuring effective systems of internal control, inspection and reporting are maintained, including compliance testing to safeguard the assets of the Charitable Company. Additionally, the Audit Committee is responsible for ensuring that the Charitable Company's affairs comply with the Companies Act 2006 and the Statement of Recommended Practice FRS102.

The Audit Committee receives reports from an independent internal auditor, RSM Risk Assurance Services LLP, who reviews key systems and potential risks based on a programme of need determined by the Audit Committee in conjunction with the auditor. Minutes of the Audit Committee are submitted to the Governors and a summary report is presented to the Group Audit Committee of the Society. The Audit Committee also meets with the external auditor and receives a management report following their audit.

The current members of the Audit Committee are: Governors, Mr A Pilgrim (Chair), Mrs P Clark and Mr P Rich.

Remuneration & Nominations Committees

The Governors have an established Remuneration Committee and a Nominations Committee. The Remuneration Committee reviews the annual pay award to staff with a recommendation made to the Governors, which approves the pay award. It also sets the remuneration to attract the right calibre of individuals to senior positions. The Nominations Committee considers the knowledge and skills requirements of the Governors whilst ensuring the organisation is fit for purpose to meet the workforce needs of the future.

The current members of the Remuneration Committee and the Nominations Committee are: Governors, Ms A Hays (Chair), Mrs P Clark and Mrs K Horsford.

Clinical Governance

The Charitable Company has effective governance systems in place which oversee all components of risk management, including patient safety, infection control, complaints, claims, patient information and internal and external regulation.

On a quarterly basis, a multi-disciplinary Integrated Governance Committee, with responsibility for all risk components, reviews all governance issues including reports on Occupational Health, Health and Safety, Patient Safety, Infection Control, Resuscitation and Clinical Audit.

The Board of Governors Annual Report 2021

Risk Management

The Governors have an established Risk Management Framework which, supported by a Board Assurance Framework and the High-Level Risk Register, aims to enhance the quality of services offered to patients. BHT recognises the need for robust systems and processes to support continuous risk management, enabling members of staff to integrate risk management into their daily activities and support better decision making through a good understanding of risks and their likely impact.

BHT recognises that positive and managed risk-taking is essential for control of growth, development and innovation. The Governors have set out in its risk management policy, its risk appetite and has adopted a formal risk matrix to allow risks to be fully understood and evaluated against that risk appetite. The following are considered the key strategic risks:

Risk	Implication
COVID 19 The potential for further impact of COVID-19 remains a risk to the Hospital operations and its patients, together with other issues resulting from the pandemic.	Although no longer contracted to NHSE to provide services, the high incidence of COVID-19 in the region proved challenging at the start of 2021. With the roll out of max vaccination programmes, including the recent booster programme, although it is unlikely that the country will ever be COVID-19 free, there is optimism that life will start to return to something closer to normal. With the extreme pressures on the NHS that this pandemic has delivered, whilst there is a risk, there is also a significant opportunity for the private sector to support the NHS with back-log activity and increased demand for private appointments.
Commercial Risk The failure of BHT to deliver on the Commercial Strategy and in particular to engage with Consultants in a way which supports them to bring more private work to BHT, thus growing private patient revenue streams.	There is a strong focus on delivery of the Commercial Strategy which was launched in 2021. Since the start of 2022 workshops have been held with all staff to start the process of embedding a commercial culture across all areas of the Hospital and this focus will continue throughout the year.
Quality of Care A lack of staff understanding or compliance with BHT's patient management systems and processes could compromise the quality of care and treatment offered by BHT.	To mitigate this risk, a robust internal governance and assurance framework is maintained, demonstrating adherence with the necessary quality and safety standards. Prominence is placed on continuous improvement, providing the best possible patient care in the right way, by the right people, in the right place and at the right time.

The Board of Governors Annual Report 2021

Workforce The critical national shortage of qualified clinical staff following Brexit and the COVID-19 pandemic, and an ageing workforce at BHT, could lead to a reduction in capacity or required skills to manage demand.	Appropriate succession plans and other initiatives designed to support and mitigate against an ageing workforce are in place or being developed to provide a workforce fit for purpose to future proof the Hospital for the years ahead.
IT Infrastructure A stable IT infrastructure and Patient Administration System needs to be in place to enable our staff to deliver the highest possible care to our patients. In addition, there is a risk that our systems might not provide suitable assurance over data security and data recovery.	BHT has, in March 2021, successfully implemented a new comprehensive Compucare Patient Administration and Billing System. During 2022 BHT will implement a new accounting system, Oracle NetSuite. These projects are part of a detailed programme of activities designed to mitigate the risk and we are continually enhancing the controls through our information technology transformation programme.
Cyber Security Cyber security risk is increasing, driven by global connectivity and use of cloud services. Cyber threats can come from any level in the organisation and could result in data theft/loss or corruption, leading to financial breaches, reputational damage or disruption to services.	As BHT moves from fully on site, ringfenced IT systems to use of cloud-based solutions the Governors have recognised the need to significantly increase its cyber security cover. Investment has been made during 2021, to be continued in 2022 as part of an established IT plan in conjunction with the Society to ensure much greater control and scrutiny over cyber risk. In December 2021 BHT was awarded Cyber Essentials Plus accreditation.
Business Continuity Due to the ongoing effects of COVID-19 and Brexit, there is a risk that a supply chain failure could cause disruption to BHT with regards to, purchasing medication /equipment, increase in costs for the organisation and inability to complete procedures	BHT now purchase some key theatre items from NHS Supply Chain as there is more confidence in their supply chain. Historical stock levels are being maintained , with surplus stock in place for key items. Incident reporting and monitoring is in place to ensure current risks are understood and reported to management.

Management

The strategy of the Charitable Company is set by the Governors and implemented by the Hospital Executive. The Strategic Report, as required by the Companies Act, is included in this Governor's Report.

The Governors met formally on a total of 5 occasions during 2021. The Governors approved the strategies and major policies related to the running of the Charitable Company, including the Standing Financial Instructions and the 2022 – 2024 Financial Plan.

The Board of Governors Annual Report 2021

The Governors monitor performance in all key areas through a number of key performance indicators and receives regular reports on Activity, Finance, Complaints, Risk Management, Governance, and Health & Safety from the Hospital Executive. So far as each Governor is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware. Each Governor has taken all the steps required of a Governor to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

Governors' Responsibilities in Relation to the Financial Statements

The Governors (who are also Directors of the Benenden Hospital Trust for the purposes of company law and are also Trustees of the Benenden Hospital Trust) are responsible for preparing a Governor's annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Governors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing the financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included in the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

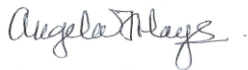
The Board of Governors Annual Report 2021

Statement as to Disclosure to our Auditor

In so far as the Governors are aware at the time of approving our Governors' Annual Report:

- There is no relevant information, being information needed by the Auditor in connection with preparing their report, of which the Charitable Company's auditor is unaware; and
- The Governors, having made enquiries of fellow directors and the Charitable Company's Auditor that they ought to have individually taken, have each taken steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

By order of the Board of Governors



Ms Angela Hays

Chair of the Board of Governors of the Benenden Hospital Trust

13 June 2022

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of The Benenden Hospital Trust (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities;
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis of 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Material uncertainty relating to going concern

We draw attention to note 1(b) in the financial statements, which indicates that the Governors are currently planning for a transaction with the Benenden Healthcare Society for a proposal for the transfer of the business and the assets of the charitable company to a subsidiary of the Society. The transaction is subject to approval by the Members of the charitable company and by the Charity Commission, as well as completion of legal and regulatory procedures. As stated in note 1(b), these events or conditions, along with the other matters as set forth in note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Governors' responsibilities statement on page 16, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either

Independent Auditor's Report to the Members of The Benenden Hospital Trust

intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act, UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations, Care Quality Commission regulations and relevant employment legislation.

We discussed among the audit engagement team including relevant internal specialists such as IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- determination of whether the charitable company has recorded Private Patient income that is not valid, accurate or valued appropriately.
- performing substantive analytic procedures to test the amounts received, and agreeing these amounts to bank account.
- reviewing the correspondence for evidence of the items where there is disagreement, and agreeing amounts provided to supporting evidence.
- evaluating the overall appropriateness of amounts recognised and how estimation uncertainty has been considered in accounting for this income stream and amounts receivable.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and internal audit concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports and reviewing correspondence with Charity Commission.

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of Our Report

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



Ben Sheriff FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom

13 June 2022

Statement of Financial Activities

For the year ended 31 December 2021

	Note	Restricted Funds 2021 £'000	Unrestricted Funds 2021 £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Income & Endowments From					
Donations and Legacies	3	-	1,733	1,733	3,004
Income from Charitable Activities		-	37,930	37,930	32,054
Other Trading Activities		-	283	283	168
Income from Investments		-	-	-	3
Total Income		-	39,946	39,946	35,229
Expenditure on Charitable Activities					
	4	-	(40,351)	(40,351)	(34,484)
Net (Expenditure)/Income & Net movement in funds for the year	6	-	(405)	(405)	745
Reconciliation of Funds					
Total Funds Brought Forward		59	16,887	16,946	16,201
Total Funds Carried Forward	13,14	59	16,482	16,541	16,946

All activities continue to relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year and the prior year.

Total funds for 2021 includes £59k of restricted funds under Reconciliation of Funds.

The notes on pages 26 to 41 form part of the financial statements.

Balance Sheet

As at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed Assets			
Tangible Assets	8	9,591	11,004
Intangible Assets	9	1,720	970
		11,311	11,974
Current Assets			
Stock	10	662	534
Debtors	11	3,876	5,019
Cash at Bank & in Hand	17	3,864	1,943
Total Current Assets		8,402	7,496
Creditors			
Amounts Falling Due Within One Year	12	(3,172)	(2,524)
Net Current Assets		5,230	4,972
Net Assets	14	16,541	16,946
The Funds of the Charity			
Restricted Funds	13	59	59
Unrestricted Funds	13	16,482	16,887
Total Charity Funds		16,541	16,946

The Financial Statements were approved by the Governors on 13 June 2022 and signed on its behalf.



Ms Angela Hays
Chair of the Board of Governors of The Benenden Hospital Trust

The notes on pages 26 to 41 form part of these Financial Statements

Cash Flow Statement

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash from Operating Activities	15	3,582	2,295
Cash Flows from Investing Activities			
Returns on Investments & Servicing of Finance	16	-	3
Capital Expenditure & Financial Investment	16	(1,661)	(2,026)
Cash used in Investing Activities		(1,661)	(2,023)
Increase in Cash & Cash Equivalents in the Year		1,921	272
Cash & Cash Equivalents at the Start of the Year		1,943	1,671
Total Cash & Cash Equivalents at the End of the Year	17	3,864	1,943

The notes on pages 26 to 41 form part of these Financial Statements

Notes to the Financial Statements

For the year ended 31 December 2021

1 Statement of Accounting Policies

a. Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 – effective 1 January 2019) and the Companies Act 2006. The Benenden Hospital Trust ("BHT" or "Hospital" or "the Charitable Company") meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b. Preparation of the Accounts on a Going Concern Basis

The accounting rules require the Governors to assess, as part of the accounts production process, the Hospital's ability to continue as a going concern. In considering the going concern basis of the Hospital, the Governors have been mindful of COVID-19 and its effects on the operations of the Hospital, as well as the Governors on-going discussions with the Society about the relationship between the Hospital and the Society.

The impact of the COVID-19 pandemic has continued into 2021 and has impacted operational capacity and financial performance in the first quarter. With a wide-scale vaccination programme, including the recent booster programme, BHT believes that it is now over the most severe impact of the pandemic. However, the position remains uncertain and membership referrals have been adversely impacted, which in turn impacts future activity and income levels which have been reflected in the current forecasts reviewed by the Governors.

Government guidance remains fluid directly impacting the delivery and cost of services, through increased testing, cleaning, Personal Protective Equipment and patient isolation. The changing picture, both at a National and local level, continues to add complexity to the delivery of services.

On an on-going basis BHT monitors performance against the 2022 budget and reviews the out-turn position. Although performance to date in 2022 is in line with the Commercial Strategy, the latest forecasts show a small deficit for 2022 but an improvement in the net cash position.

The Governors have considered the latest forecast, based on actuals to 28 February 2022, against the original budgeted/planned position to 31 December 2023. Currently it is not expected that the Hospital will require any further support from the Society but support up to a level of £5m has been agreed if required to enable the Hospital to meet its obligations as they fall due.

In February 2022 the Society have made an offer to the Hospital for the transfer of the trading assets and liabilities of the Hospital to a subsidiary of the Society. The proposed transaction would be subject to approval by the Members of the Hospital and by the Charity Commission, as well as completion of necessary legal and regulatory steps. Whether a transaction will occur, and its timing, is therefore uncertain.

Notes to the Financial Statements

For the year ended 31 December 2021

1 Statement of Accounting Policies

Having considered the uncertainties, future financial projections and the funding support provided by the Society to support the financial operations, the Governors have a reasonable expectation that the Charitable Company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

However, given the proposed transaction with the Society to transfer the business and assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

c. Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

d. Income from Charitable Activities

Income is recognised in the period in which the Hospital has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income generated from patient services in the operation of an independent hospital is recognised to the extent that it is probable that the economic benefits will flow to the Hospital and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

e. Donations & Legacies

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is recognised where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Notes to the Financial Statements

For the year ended 31 December 2021

1 Statement of Accounting Policies

Donations received from the Society in 2021 were used to fund capital expenditure.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

f. Interest Received

Interest on funds held on deposit is accrued as earned and added to the source fund to ensure appropriate use.

g. Income from Other Trading Activities

Income from other trading activities comprises revenue recognised by the Charitable Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

h. Expenditure on Charitable Activities

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

i. Redundancy Payments

Redundancy payments, including payments in lieu of notice, are recognised in the statement of financial activities.

j Pensions

BHT and the Society are participating employers in a pension scheme ("the scheme") which provides both a defined benefit and a defined contribution pension scheme that is contracted out of the State Scheme.

The funds held under the defined benefit scheme are valued every three years by a professionally qualified independent actuary, with the rates of contribution payable then being determined by the Pension Trustees on the advice of the independent actuary. The Society is the principal employer and, in line with FRS102, is considered the sponsoring employer of the scheme as it recognises the net defined benefit cost of the scheme and there is no contractual agreement or stated policy for recharging the section 28 net defined benefit cost. Consequently, the Society has recognised the FRS102 deficit of £29,036k (2020: £47,265k) at 31 December 2021, of which BHT's share is £24,681k (2020: £40,175k). The Board of Governors unanimously reached agreement on the requirement of the Hospital to make deficit payments in relation to the pension and payments started in March 2021.

The pension deficit payments are recognised in the statement of financial activities as they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2021

1 Statement of Accounting Policies

k. Operating Leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

l. Tangible Fixed Assets & Depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

The Capitalisation Policy capitalises individual equipment purchases or groups of like purchases with a value of £5,000 or greater.

Depreciation is calculated to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold Improvements	4%
Medical Equipment	20%
Computer Equipment	33%
Fixtures & Fittings	14%
Motor vehicles	25%

m. Intangible Fixed Assets & Depreciation

Intangible fixed assets represent computer software and licences. The cost of these assets is their purchase cost, together with any incidental costs of acquisition such as development and implementation costs.

Computer software and licences are amortised on a straight-line basis over their expected useful economic life, at an annual rate of 20%.

n. Stock

Medical consumables and pharmacy stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

o. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

p. Cash at Bank & in Hand

Cash at bank and in Hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Notes to the Financial Statements

For the year ended 31 December 2021

1 Statement of Accounting Policies

q. Creditors & Provisions

Creditors and provisions are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

r. Financial Instruments

BHT does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from trade debtors and payables to creditors and suppliers. The recognition of trade debtors and trade creditors is at fair value. Deferred Income, accruals and prepayments are recognised at the amortised cost.

Financial assets and financial liabilities are recognised when the hospital becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires. Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2021

2 Critical Judgements & Key Sources of Estimation Uncertainty

Preparation of the financial statements requires the Governors and management to make judgements and estimates. The items in the financial statements where these critical accounting judgements have been made include:

- **Pensions;** Assets of the scheme are held in The Benenden Healthcare Pension Plan. The Scheme also administers the pension arrangements of the Society. Under FRS102 the Society is considered to be the sponsoring employer, as it recognises the net defined benefit cost, and as such the Society has recognised the whole deficit of £29,036k (2020: £47,265k) as the deemed sponsoring employer. At 31 December 2021 the deficit attributable to BHT was £24,681k (2020: £40,175k). In January 2021 BHT entered into an agreement with the scheme and the Society whereby BHT would make deficit payments in relation to the pension and payments started in March 2021.

Other areas of judgement and estimation which the Governors and management draw attention to for the purposes of an understanding of the financial statements (but which are not critical accounting judgements or key sources of estimation uncertainty under FRS 102) include:

- **Tangible Fixed Assets;** As stated in the accounting policy for Tangible Fixed Assets, the Hospital's assets are depreciated over their useful economic lives considering residual values, where appropriate. The actual lives of the assets and the residual values are assessed annually and may vary depending on a number of factors.
- **Claims Provision;** The medical insurance claims provision is reviewed on a quarterly basis, including at the financial year end, to ensure that the provision held is sufficient to cover any known potential claims, including anticipated legal costs.

Notes to the Financial Statements

For the year ended 31 December 2021

3 Donations & Legacies

	2021 £'000	2020 £'000
Legacies	53	297
Donations – Kathleen Smith Foundation	-	6
Donations – Benenden Healthcare Society	1,640	2,701
Donations – Rising Mercury Society	40	-
Total Donations & Legacies	1,733	3,004

There were no restrictions placed on any funds from Donations and Legacies received in 2021.

4 Analysis of Resources Expended by Expenditure Type

	Note	2021 £'000	2020 £'000
Staff Costs	7	14,146	11,487
Depreciation & Amortisation		2,335	2,243
Clinical Consultants Fees		9,557	7,089
Medical Consumables		5,940	3,976
Clinical Service Contracts		480	494
Governance Costs	5	260	215
Marketing & Business Development		370	687
Rent Payable to Benenden Society		2,300	3,219
IT Service Costs		1,711	1,805
Hospital Services		3,252	3,269
Total Expenditure by Type		40,351	34,484

Costs incurred in raising charitable funds are immaterial.

Notes to the Financial Statements

For the year ended 31 December 2021

5 Governance Costs

	2021 £'000	2020 £'000
Auditor's remuneration	66	67
Internal audit costs	49	38
Legal costs	145	110
	<u>260</u>	<u>215</u>

6 Net (Expenditure)/Income

Net (expenditure)/income is stated after charging:

	Note	2021 £'000	2020 £'000
Depreciation of Tangible Fixed Assets	8	<u>2,166</u>	<u>2,243</u>
Amortisation of Intangible Fixed Assets	9	<u>169</u>	<u>-</u>
Operating Lease Rentals	18	<u>60</u>	<u>55</u>
Property Lease Rentals	18	<u>2,300</u>	<u>3,219</u>

Notes to the Financial Statements

For the year ended 31 December 2021

7 Employees, Staff & Agency Costs

Average monthly number of people employed was as follows:

	2021 Number	2020 Number
Clinical Staff	170	179
Clinical Support Staff	81	84
Administrative Staff	118	123
Total Staff Excluding Bank Staff	369	386
Average bank staff paid in a month	35	30
Average bank staff not paid in a month	47	67
Total Bank Staff	82	97
Average FTEs (Permanent Staff)	303	315
Average FTEs (Bank Staff)	9	7
Average Monthly Full Time Equivalent Employees	312	322

Staff and agency costs were as follows:

	2021 £'000	2020 £'000
Staff Costs	9,323	9,268
Social Security Costs	820	822
Pension Costs	3,100	1,178
Redundancy Costs (including payment in lieu of notice)	296	38
Agency Staff	607	181
Total Staff & Agency Costs	14,146	11,487

Notes to the Financial Statements

For the year ended 31 December 2021

The number of employees who received emoluments above £60,000 in the period were as follows:

	2021 Number	2020 Number
£60,000 to £70,000	5	7
£70,001 to £80,000	2	1
£100,001 to £110,000	-	1
£110,001 to £120,000	2	2
£120,001 to £130,000	1	1
£150,001 to £160,000	-	1
£170,001 to £180,000	1	-
£190,001 to £200,000	-	1

The key management personnel of BHT are the Governors and the Hospital Executive as set out on page 11. The charity trustees were not paid and did not receive any other benefits from employment with BHT during 2021 (2020: £nil).

The Hospital Executive received total employee benefits of £684k in 2021 (2020: £554k) of which the Hospital Director was the highest paid employee receiving total employee benefits of £196k (2020: £199k) including £18k in employer's pension contributions (2020: £17k).

8 Tangible Fixed Assets

	Leasehold Improvements £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2021	10,919	11,866	153	22,938
Additions	18	740	-	758
Disposals	-	-	(26)	(26)
At 31 December 2021	10,937	12,606	127	23,670
Depreciation				
At 1 January 2021	4,484	7,337	113	11,934
Charge for the Year	436	1,712	18	2,166
Disposals	-	-	(21)	(21)
At 31 December 2021	4,920	9,049	110	14,079
Net Book Value				
At 31 December 2021	6,017	3,557	17	9,591
At 31 December 2020	6,435	4,529	40	11,004

Notes to the Financial Statements

For the year ended 31 December 2021

9 Intangible Fixed Assets

	Computer software & licences £'000
Cost	
At 1 January 2021	970
Additions	919
At 31 December 2021	1,889
Depreciation	
At 1 January 2021	-
Charge for the Year	169
At 31 December 2021	169
Net Book Value	
At 31 December 2021	1,720
At 31 December 2020	970

10 Stock

	2021 £'000	2020 £'000
Pharmacy Stock	46	50
Medical Consumables Stock	616	484
Total Stock	662	534

There is no material difference between the carrying value of stock and its replacement cost.

Notes to the Financial Statements

For the year ended 31 December 2021

11 Debtors

	2021 £'000	2020 £'000
Trade Debtors	1,183	124
Amounts due from Related Parties	2,135	2,385
Accrued Income	-	1,810
Prepayments	558	700
Total Debtors	3,876	5,019

At 31 December 2021 the total of all amounts due to BHT from the Society was £2,135k (2020: £2,385k) relating to December 2021 activity.

Accrued income of £1,810k at 31 December 2020 related to amounts due under the NHS England contract for COVID support. At 31 December 2021 the amount due under that contract was £nil.

12 Creditors: Amounts Falling Due Within One Year

	2021 £'000	2020 £'000
Trade Creditors	1,407	879
Social Security & Other Taxes	211	230
Other Creditors	131	142
Deferred Income	303	126
Accruals	1,120	1,147
Total Creditors	3,172	2,524

Included in Other Creditors is a provision for professional fees relating to insurance claims of £18k (2020: £33k).

Deferred income of £303k (2020: £126k) represents amounts received from Private Patients in advance of treatments being carried out.

Notes to the Financial Statements

For the year ended 31 December 2021

13. Statement of Funds

	Brought Forward £'000	Incoming Resources £'000	Resources Expended £'000	Transfers In/Out £'000	Carried Forward £'000
Designated Funds	-	-	-	-	-
General Funds	16,887	39,946	(40,351)	-	16,482
Unrestricted Funds	16,887	39,946	(40,351)	-	16,482
Restricted Funds	59	-	-	-	59
Total Funds	16,946	39,946	(40,351)	-	16,541

14. Analysis of Net Assets Between Funds

	Restricted Funds 2021 £'000	Unrestricted Funds 2021 £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
Fixed Assets	-	11,311	11,311	11,974
Current Assets	59	8,343	8,402	7,496
Current Liabilities		(3,172)	(3,172)	(2,524)
Total of Net Assets	59	16,482	16,541	16,946

Notes to the Financial Statements

For the year ended 31 December 2021

15 Net Cash Flow From Operating Activities

	2021 £'000	2020 £'000
Net (Outgoing)/ Incoming Resources Before Revaluations	(405)	745
Returns on Investments & Servicing of Finance	-	(3)
Depreciation of Tangible Fixed Assets	2,166	2,243
Amortisation of Intangible Fixed Assets	169	-
Profit on Disposal of Tangible Fixed Assets	(11)	(3)
(Increase)/Decrease in Stocks	(128)	2
(Increase)/Decrease in Trade Debtors	(1,059)	1,569
Decrease/(Increase) in Amounts Owed by Related Parties	250	(137)
Decrease/(Increase) in Other Debtors	1,810	(1,513)
Decrease in Prepayments	142	90
Increase/(Decrease) in Trade Creditors	528	(688)
Decrease in Social Security & Other Taxes	(19)	(16)
Increase in Other Creditors and Deferred Income	166	126
Decrease in Accruals	(27)	(120)
Net Cash Inflow from Operations	3,582	2,295

16 Analysis of Cash Flows for Headings Netted in Cash Flow Statement

	2021 £'000	2020 £'000
Returns on Investments & Servicing of Finance		
Interest Received	-	3
Capital Expenditure & Financial Investment		
Purchase of Tangible Fixed Assets	(758)	(1,059)
Purchase of Intangible Fixed Assets	(919)	(970)
Proceeds from Sale of Tangible Fixed Assets	16	3
	(1,661)	(2,026)

Notes to the Financial Statements

For the year ended 31 December 2021

17 Analysis of Changes in Net Debt

	1 January 2021 £'000	Cash Flow £'000	31 December 2021 £'000
Cash at Bank & in Hand	1,943	1,921	3,864
Total Net Funds	1,943	1,921	3,864

18 Financial Commitments

At 31 December 2021 the charitable company had annual commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Leases expiring:				
Within 1 year	-	-	20	-
Between 1 and 5 years	-	-	49	32
After more than 5 Years	2,463	2,300	-	-
	2,463	2,300	69	32

19 Pension Obligations

The charity participates in a defined benefit and defined contribution scheme (please note that the defined benefit scheme closed for future accruals at 31 December 2018 with no more contributions to it from 1 January 2019).

The total net cost for the charity for the year was £3,100k (2020: £1,178k). Assets of the pension scheme ("the scheme") are held in The Benenden Healthcare Pension Plan. The scheme also administers the pension arrangements of the Society. The scheme is currently in significant deficit and requires the Benenden Hospital Trust to make extra contributions to the scheme as part of the recovery plan. The actuaries have confirmed that it is possible to separate the BHT's assets and liabilities in the scheme and at 31 December 2021 the deficit attributable to BHT was £24,681k (2020: £40,175k). However, disclosure in these accounts is made on the basis that it is a defined benefit scheme with the deficit of £29,036k (2020: £47,265k) being recognised by the deemed sponsoring employer, the Society.

Notes to the Financial Statements

For the year ended 31 December 2021

20 Related Party Transactions

The Benenden Hospital Trust ("BHT") is a controlled body of The Benenden Healthcare Society Limited ("Society") who are an incorporated friendly society, registered under the Friendly Societies Act 1992, registered number 480F. Control is exercised by the Society through the power to appoint or remove the majority of the Hospital's trustees and by the Society being a member of the Hospital Trust. The Society's principal activity is the provision of medical and well-being services to its members.

The Society had the following transactions with the charitable company during the year ended 31 December 2021:

- (a) The Society made cash donations to the charitable company of £1,640k (2020: £2,701k).
- (b) The Society paid the charitable company for its members to be treated at the hospital to a value of £24,160k (2020: £17,606k).
- (c) The Society paid the charitable company for miscellaneous costs to a value of £37k (2020: £14k).
- (d) The Society charged the charitable company rent of £2,300k (2020: £3,219k) for the use of the hospital site
- (e) The Society recharged the charitable company for insurance costs of £318k (2020: £269k), for audit costs of £49k (2020: £110k), for costs of employee membership to the Society of £53k (2020: £49k) and for IT costs of £383k (2020: £419k).

BHT leases the hospital site from the Society under a 25 year lease which commenced on 1 January 2018 and expires in July 2042, with annual rent starting at £3,103k and subject to annual increases in line with RPI. The lease was revalued at 31 January 2021 and the annual rental reduced to £2,300k. Future rental payments will continue to be subject to annual increases in line with RPI.

At 31 December 2021 the total of all amounts due to BHT from the Society was £2,135k (2020: £2,385k).

At 31 December 2021 the total of all amounts due from BHT to the Society was £105k (2020: £268k).

The consolidated accounts for the Society are available at www.benenden.co.uk/about-benenden.

Accounts

Annual Report and Financial Statements

Main Entrance



For the Benenden Hospital Trust
for the year ending 31 December 2020



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The Board of Governors Annual Report 2020

Introduction

Our Purpose

The Board of Governors (who are Directors of the Benenden Hospital Trust for the purposes of the Companies Act 2006 and are also Trustees of the Benenden Hospital Trust) present their Annual Report and audited Financial Statements of The Benenden Hospital Trust (BHT or Charitable Company or Hospital) for the year ended 31 December 2020.

The Annual Report includes the Strategic Report, as required by the Companies Act and meets the requirements for the Trustees report as set out in the Charities SORP 2019.

The Board of Governors (Governors) confirm that the Annual Report and Financial Statements of the Charitable Company comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association, and Accounting & Reporting by Charities: Statement of Recommended Practice.

Statement of the Governors' Responsibilities in respect of the Trustees' Annual Report & the Financial Statements

The Governors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare Financial Statements for each financial year. Under that law they are required to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Governors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the of the Charitable Company and of the excess of income over expenditure for that period.

In preparing these Financial Statements, the Governors are required to:

- select suitable Accounting Policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Charitable Company will continue its activities.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Charitable Company and to prevent and detect fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.



Keeping patients safe

Objectives and Activities

About Benenden Hospital Trust Limited

The principal objectives and activities of BHT are governed by its Articles of Association. The principal objective of the Trust is 'the relief of hardship caused by sickness, infirmity, disability or any medical condition in particular by the provision of surgical and medical treatment, nursing care and otherwise to the members of The Benenden Healthcare Society Limited (Society), their nominees and, if the Governors think fit, to other persons in need'.

In setting our objectives and planning our activities our Governors have considered the Charity Commission's general guidance on public benefit.

Our Strategic Objectives

Strategic Objectives, which value the ethos and the mission of BHT are:

Growth

- constantly improve the range of quality services provided
- deliver growth in Self-pay services and Private Medical Insurer work

Efficiency

- invest in our people to increase our capabilities
- drive down the cost of operational performance through continuous process improvement and investing in technology

Excellence

- maintain high standards of quality and delivery of safe patient focused care and treatment
- attract new resources by being an employer of choice

Our Activities

BHT is the main provider of surgical and medical treatment to members and nominees of the Society, which provides low cost health care to its members with membership open to all. In addition, services are increasingly provided to patients funding their own treatment directly as Self-pay, or through Private Medical Insurance cover. BHT is an accredited NHS Provider with NHS patient referrals accepted for a range of specialties with local Clinical Commissioning Group (CCG) contracts in place. Services to the NHS are provided under the NHS Capacity Framework Agreement.

Our Principles

BHT conducts its work based within the context of a set of guiding principles:

- a belief that every patient and their families are unique individuals placed at the heart of everything we do and seek to achieve;
- the Board of Governors will, if deemed fit, treat patients in need, wherever they live in UK;
- all patients receive a professional, patient focused and caring service;
- respect for all faiths and a belief that there is a special pastoral dimension in caring for others which involves a combination of spiritual, emotional, physical

- and ethical elements;
- the need to treat and care for each patient, patient's family, friends and colleagues with respect and dignity; and
- an acknowledgement of the physical, mental and social vulnerabilities that patients may experience, and BHT's responsibility to safeguard them.

Our People

BHT places considerable value on the engagement and full involvement of all its employees and continually keeps them informed on matters affecting them, which is achieved through:

- formal and informal meetings;
- fortnightly internal newsletter (Connect);
- Annual Operational Plan delivered digitally to employees in 2020;
- A staff contribution group (Be-Involved) which brings together the BHT's Senior Management and staff representatives (chaired by the Organisational Development Manager); and
- Bnet - an intranet site with a dedicated section for Health and Wellbeing.

BHT prides itself in providing equal opportunities to all and welcomes applications from a diverse range of applicants, including those with disabilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Charitable Company continues and that appropriate training is arranged. It is the policy of the Charitable Company that the training, career development and promotion of all individuals is equal, as far as is possible.

BHT also values the opportunity to work in 'partnership' with our consultant colleagues who support the hospital through engagement in the Medical Advisory Committee, specialty reviews and service development initiatives as well as providing high quality care to our patients.

COVID-19 and the NHSE Contract

On 31 December 2019, the World Health Organization (WHO) was informed of some cases of pneumonia in Wuhan City, China. On 12 January 2020 it was announced that a new coronavirus strain had been identified in samples and that initial analysis of virus genetic sequences suggested that this was the cause of the outbreak. This virus is referred to as SARS-CoV-2, and the associated disease as COVID-19. The first cases emerged in the UK at the end of January 2020.

More than one year on, there have been three national lockdowns, new strains of the virus have emerged, mass testing has been introduced and a national vaccination programme has been rolled out. With the vaccination programme in place, combined with tight lockdown measures since Christmas, the country experienced a reduction in the Reproduction, or 'R', rate to less than one. The Government then introduced a stepped approach to coming out of lockdown starting with schools returning at the beginning of March and culminating in the country coming out of this lockdown during July.

On 21 March 2020, it was announced that NHS England (NHSE) had negotiated a deal with the Independent Healthcare Providers Network (IHPN) involving all IHPN members. The Heads of Terms and subsequent contract allowed for the use, at cost price, of almost the entire private health sector. As part of the whole system health sector response BHT ceased planned elective surgery in main theatres, our Ambulatory Care Unit (ACU) and the Eye Unit in the week ending on the 27 March 2020.

Follow up Outpatient consultations and physio appointments, other than those deemed clinically essential, were converted to a virtual process whilst diagnostic services were delivered as required following a clinical review.

BHT, as an IHPN member, was included as part of the Heads of Terms and as such was able to work closely with the identified local NHS Trust to assist with the operational management of the pandemic and work began to plan best use of resources.

Following a de-escalation stage from 15 May 2020 to 30 June 2020, during which time BHT started to resume elective surgery, BHT entered a new variation of the NHSE contract effective from 1 July 2020, but not finally signed between IHPN and NHSE until October 2020. Most significantly, under the new contract 75% capacity rather than 100% capacity had to be made available to the NHS. This new variation had an initial end date of 31 December 2020.



Benenden Hospital Trust is proud to have played a part supporting the NHS.

Just before Christmas 2020, IHPN members were invited to enter a new NHSE contract, covering the three-month period to 31 March 2021. The terms of this contract guaranteed capacity for the NHS based on activity levels in October and November 2020. It was described as a sliding contract gradually transitioning from capacity based to activity based. BHT was concerned that commitment under the terms of this contract would have been too restrictive in terms of delivery of services to its members and others, so it ceased its COVID-19 contract. For those providers not continuing with the contract NHSE brought the arrangement to a conclusion on the 24 December 2020.

The rapid emergence of a new variant and National Lockdown number three meant that, theatre activity at BHT in the first quarter of 2021 was restricted by the limited availability of anaesthetists and the introduction of strict clinical assessment criteria. During this period BHT has continued to deliver a fully operational Outpatient and Diagnostic service, the Eye Unit has been fully operational, and two out of three theatres have been made available for more minor procedures. From the end of March 2021 onwards BHT has been back operating at around 30 sessions per week.

The first quarter's performance of 2020 was in line with budget and income from Self-pay activity exceeded the target set. Quarter two, during which activity was significantly curtailed by COVID-19, was loss making. Despite the very difficult circumstances in 2020, BHT's ability to make full use of any capacity not taken up by the NHS, meant that the Hospital had a successful second half of the year, resulting in an overall surplus.

In an unprecedented year, it is not entirely meaningful to measure progress against the original BHT five-year Business Plan. Uncertainty due to COVID-19, necessitated the preparation of a new forecast to 2022 to support BHT's going concern position.



Friendly and supportive staff at Benenden Hospital

Performance and Achievements

Performance

Referrals

The Hospital experienced a reduction in total referrals in 2020 of 24%, with total referrals being 25,273, down from 33,181 in 2019. It is, however, worth noting, that within this total private patient referrals increased by 6% to 3,042 from 2,867 in 2019.

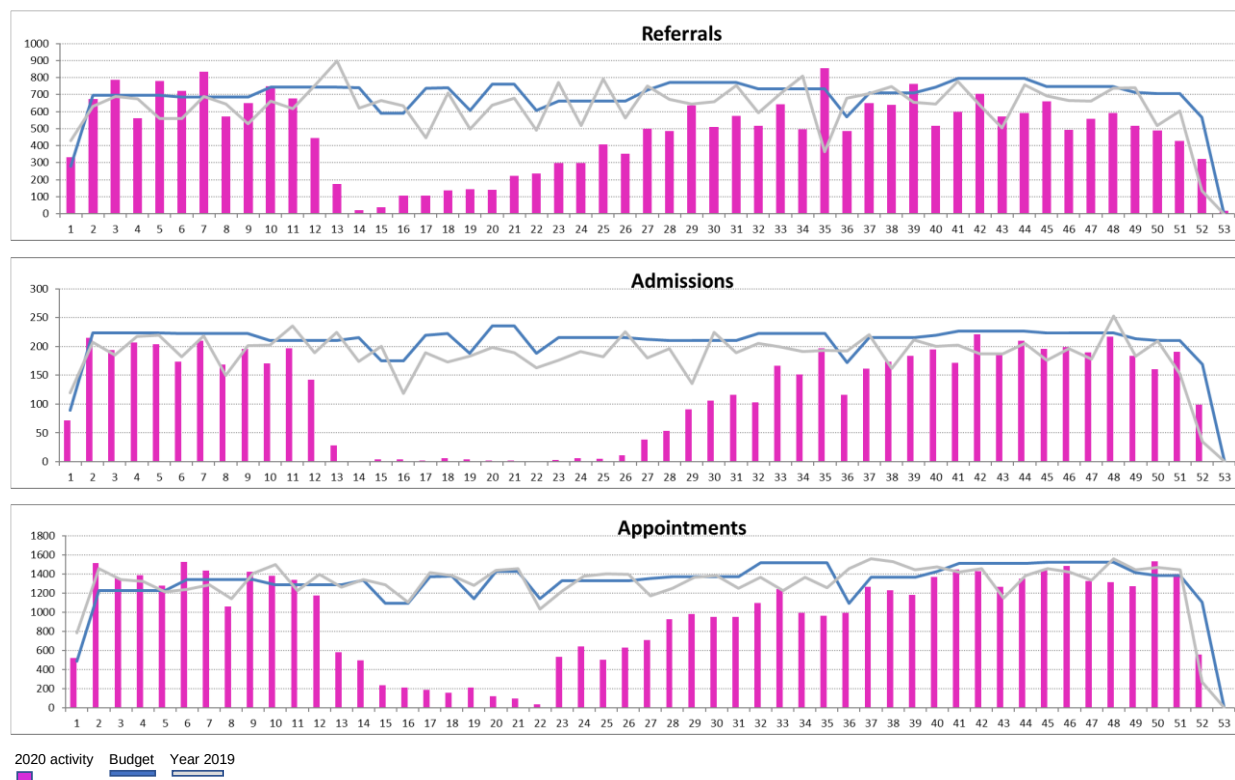
Admissions & Outpatient Performance

	2020	2019	Variance No	Variance %
Admissions	6,689	9,766	(3,077)	(31.5%)
Outpatient Consultations	47,760	66,885	(19,125)	(28.6%)

Operational performance in both Admissions and Outpatient Consultations saw decreases on the previous year as detailed in the table due to COVID-19.

Activity Levels to 31 December 2020

The graphs below clearly show the impact that the pandemic has had on activity levels, most starkly during the period from the lockdown at the end of March 2020 through to July 2020. The weeks are shown along the x axis and the number of patients shown along the y axis.



Income from Society members was £17,606k compared to 2019 totals of £29,846k.

Private income of £4,260k in 2020 was only just behind the previous year figures of £4,419k (includes both Self-pay and Private Medical Insurers (PMI)), which in the circumstances is a very pleasing result. Monthly private income in the last quarter was running in excess of £0.5m despite restrictions under the NHSE contract.

NHSE Referrals activity was worth only £1,439k in 2020 compared to £7,007k in the previous year as income for NHS activity was covered under the NHSE contract. Income under the NHSE contract was worth £8,730k in 2020

New Clinical Services

Although new developments were restricted due to COVID-19 we were able to continue to support all Diagnostic and Outpatient pathways and also introduced Botox for Migraines as an outpatient service.

We were able to offer telephone follow up appointments as well as face to face appointments conducted in a COVID-19 secure environment.

Bariatric and Breast reduction surgery was paused from March 2020 with Bariatric surgery recommencing at the end of March 2021 and Breast reduction surgery for men and women commencing from April 2021.

Capital Expenditure

During the year the Hospital managed Capital Expenditure totalling £2,028k (£1,059k tangible and £970k intangible). The tangible expenditure is broken down by area in the table below:

£000s	2020	2019
Medical Equipment	371	370
Fixtures & Fittings	29	83
Motor Vehicles	-	24
Computers	584	1,749
Leasehold Improvements	75	8
	1,059	2,234

The Hospital has substantially completed the first phase of its IT strategy with the Technology Refresh completed in April 2020 and the new Patient Administration System (PAS) delivered to plan in March 2021. BHT has invested in critical IT Security improvements as part of the Windows 10 upgrade completed in 2020. BHT has also invested to ensure much greater control and scrutiny over cyber security risk during 2020, to be continued in 2021 as part of an established IT plan in conjunction with the Society. Migration to the new group Finance platform, Oracle NetSuite, is planned for the first quarter of 2022.

Costs incurred relating to the PAS system in 2020 are shown in these accounts as intangible fixed assets.

Achievements

Accreditations and Awards

Accreditation and certification are programmes of self-assessment and independent external review to assess the level of an organisation's performance against established regulations and/or national standards. They also help provide assurance that an organisation meets or exceeds those standards. Accreditation/certification are synonymous with quality, excellence and continuous improvement.

From the Hospital's perspective accreditation and certification support our approach of continuous improvement and help to meet the regulatory requirements for the delivery of high quality and safe services to patients as part of the Care Quality Commission's (CQC) Key Lines of Enquiry (Safe, Caring, Responsive, Effective and Well Led). This supports BHT's rating of 'outstanding', whilst at the same time providing assurance to our patients, Governors, regulators and commissioners that the Hospital is committed to providing high quality, safe services.

Anaesthesia Clinical Services Accreditation (ACSA)

ACSA is a scheme for Anaesthetic departments to formally demonstrate their commitment to high quality service provision and improvement and is awarded by the Royal College of Anaesthetists. BHT retains Anaesthesia Clinical Services Accreditation, first awarded in 2018, and remains the only independent hospital to gain this award.

Joint Advisory Group (JAG) Accreditation

JAG sets national standards for Endoscopy units throughout the UK to ensure the quality and safety of patient care. The standards reflect four core components of a high-quality endoscopy service.

1. clinical quality
2. quality of the patient experience
3. workforce
4. training

Following assessment in December 2018 BHT received formal accreditation from the Royal College of Physicians for its Endoscopy services in January 2019. Re-accreditation was achieved in the first quarter of 2020, and again in 2021.

Comparative Health Knowledge System (CHKS) Accreditation and International Organisation for Standardisation (ISO) 9001 – Dual Award

As part of the ongoing CHKS/ISO programme, the Hospital underwent a surveillance assessment in early 2020 to ascertain compliance with the ISO standards. The feedback from the assessment was very positive, with them stating that the high standards enabled the Hospital to maintain accreditation and ISO certification through to 2022, subject to annual surveillance assessments. The 2021 surveillance visit took place in March 2021 and the draft report confirms no further actions required.

'We invest in people' (previously 'Investors in People')

'We invest in people' is a standard for people management, offering accreditation to organisations that adhere to the 'We invest in people' standard. 'We invest in people' was previously known as 'Investors in People' however the organisation released new branding for 2019 to reflect their purpose and the value of investing in people and have renamed their award to 'We invest in people' accreditation. The framework and assessments measure how an organisation leads, supports, improves and aligns to the organisation's ambitions.

In the wake of the COVID-19 pandemic, it became evident that the importance of staff health and wellbeing has never been more valued and in recognising this, the Hospital took the decision to pause the 'We invest in people' accreditation and focus on the 'We invest in wellbeing' accreditation.

In recognition of the value that the 'We invest in people' award brings to an organisation, the Hospital remains committed to embracing its ethos and will continue to align initiatives, measure performance and evaluate the Hospital against the framework by using its internal assessing mechanisms. This continued focus will prepare for any future opportunity to return to the achieving the 'We invest in people' standard.

Health and Wellbeing

Raising mental health awareness, to reduce the stigma associated with mental health, continued to be a focus at BHT during 2020, an initiative supported by our Mental Health First Aiders.

During 2020 We invest in people released new branding for the Health and Wellbeing award and relaunched the award as 'We invest in wellbeing'. The new framework covers all aspects of employee wellbeing in an organisation and measures how well an organisation supports employees' social, physical and psychological health at work. The Hospital believes that it is important to invest into this standard and identifies with the value it will bring to employees across the organisation. Reaccreditation to this revised standard will take place during quarter four 2021. Following a health check in December 2020, valuable insight into how the Hospital aligns with the new framework was highlighted along with recommendations to support a successful re-assessment.

In response to COVID-19 the Hospital increased the focus on staff health and wellbeing supporting staff to stay mentally fit and healthy through the lockdown periods. The support included weekly 'Wellbeing Wednesday' updates from March

2020 through to July 2020. These updates focussed on maintaining physical, psychological and social health with advice and tips. Each edition reminded staff of the range of free resources and tools that were available to access. To help staff, who were shielding or unable to come to work, feel included and informed this information was published and made available on an 'extranet'. In response to staff feedback these updates were scaled back to monthly updates and now feature in the staff communication 'Connect'.

During May the Hospital celebrated Mental Health Awareness Week virtually with a range of support materials based on the theme 'be kind to yourself'. A Wellbeing Hub was launched on the intranet to bring all Health & Wellbeing related information together in one place.

Best of Benenden

BHT would usually recognise the outstanding contributions our staff make to the Hospital at the annual Best of Benenden Awards, however, the social distancing and lockdown restrictions we experienced during 2020 meant that we were unable to hold our usual celebratory event. We were, however, able to celebrate the contribution and dedication of our long serving colleagues and recognized 43 awards for service of between 10 and 35 years with a special edition of our internal newsletter Connect.

Health Awareness Promotion and Fundraising

Throughout the year Hospital staff organised numerous health awareness events and played a vital role in promoting, educating and highlighting different health issues, both in-house and in the community. Some of the initiatives BHT supported during 2020 are shown below.

Initiatives to support employee wellbeing during COVID-19 included:

- Helpful guides to survive lockdown (April)
- How to feel connected and how to use technology
- Five steps to wellbeing when working from home
- Loneliness and mental health

National campaigns supported included:

- Stress awareness months – April
- World Asthma Day – 5th May
- National Walking Month – May
- Mental Health Awareness Week – 20th May
- Carers' Week – 10th June
- Know your numbers week (Blood pressure) – 7th September
- Organ donation week – 7th September
- Stoptober (smoking) – October
- Menopause awareness

Community events included:

- Creating a Rainbow of colour for NHS workforce (which included local school and care home drawings) – May
- Celebrating our local heroes with heart for heroes' campaign - June
- 72 years of the NHS – 5th July

Financial Review

In the opinion of the Governors the overall level of activity and financial position of the Charitable Company remains satisfactory.

The Charitable Company's income for the year from all sources was £35,229k (2019: £41,554k) and within this total income are legacies received during the year amounting to £297k (2019: £59k). The Charitable Company's total expenditure for the year was £34,484k (2019: £41,776k). For the year, there was a surplus of £745k (2019 [restated]: deficit £222k). The Net asset position at the year-end was £16,946k (2019 [restated]: £16,201k). The 2019 comparative figures have been restated to reflect the change in accounting policy regarding recognition of medical stock which is described in more detail below.

Included within income for BHT in 2020 is £8,730k (2019: £nil) under the NHSE Contract.

The Charitable Company's principal source of Income is from clinical services and treatment provided to Society members. In addition, BHT received voluntary donations of £2,701k (2019: £1k) from the Society to cover capital investment and marketing expenditure. The Charitable Company's Statement of Financial Activities for the year is set out on page 33.

Summary of Results

	2020 £000s	2019 Restated £000s
Donations and Legacies	3,004	89
Income from Charitable Activities	32,054	41,274
Other income	171	191
Total Income	35,229	41,554
Expenditure on Charitable Activities (excluding Depreciation)	(32,241)	(39,770)
EBITDA	2,988	1,784
Depreciation	(2,243)	(2,006)
Net Profit/(Loss)	745	(222)

Change in Accounting Policy

During the year BHT elected to change its accounting policy regarding the recognition of medical stock. It is considered appropriate to reflect the material value of stock held and not just the value of pharmacy stock, to reflect the full value of the Hospital's assets, given the significance of the level of medical consumables. Medical consumables stock held at 31 December 2020 was £484k, at 31 December 2019 it was £492k and at 31 December 2018 it was £435k. This change in accounting policy has resulted in BHT restating its prior year results as presented in these 2020 financial statements. The stock movement reflected in the Statement of Financial Activities for 2020 is only an £8k reduction. The resulting positive stock movement of £57k in 2019

has reduced the deficit from the original figure of £279k to the restated figure of £222k.

Reserves Policy

As at 31 December 2020, BHT held £5.8m (2019 [restated]: £4.0m) in free reserves, although it is not required to do so by the Charities Commission. These reserves are to cover the working capital requirement for at least one month.

In 2021 BHT revised its target Reserves Policy upwards to the equivalent of 3.0 x monthly running costs. At 31 December 2020 the level of Reserves was equivalent to 2.2 x monthly running costs, which is considered acceptable progress towards the target of 3.0.

The current ratio (current assets: current liabilities) target of 2.0 was exceeded at 31 December 2020 with a ratio of 3.0 (2019 [restated]: 2.2).

Going concern

The Governors are required to assess the ability of BHT to continue as a going concern as part of the annual accounts production process (detailed information is provided in the going concern note within the Statement of Accounting Policies).

Since the year end on the 31 December 2020, there has been a resurgence of COVID-19 which has impacted BHT operations in the first quarter of 2021. The position improved from late March onwards with levels of activity in operating theatres returning to planned levels in line with 2019 activity.

BHT has entered 2021 with a significant level of pent-up demand for patient services from Society members, Self-pay and the NHS. With this pent-up demand BHT reports growth in self-pay income although the Society and NHS activity has been slower to return.

Project Athena is a hospital wide continuous improvement programme which includes cost-saving initiatives and was introduced in 2020. A number of initiatives have already come to fruition, delivering savings of circa £0.9m in 2020 and estimated to deliver annual savings of circa £1.8m by 2022, with further savings in the pipeline. It is intended not to have any adverse impact on our effectiveness or service to patients.

One key area of focus in 2021 is Consultant engagement and to date there are some encouraging early signs. BHT has an ambitious growth plan for Self-pay activity in 2021 and beyond, which as a key element of its Commercial Strategy, will help to more fully utilise BHT's capacity. This plan has been based upon a refreshed analysis of our competitive position, and leveraging the opportunities the hospital's excellent reputation affords

The Governors have considered, in detail, the forecasted financial position to the end of 2022, this being at least 12 months from the date of signing of the financial statements and based on the actual performance to October 2021. The assessment has been made on a prudent view and this shows that cash levels are expected to remain above the monthly minimum of £2m throughout this period. The Society has agreed, through a Letter of Comfort, to support the Hospital with a further £5m if required at any point during this period. The Governors are satisfied with the level of

support that this letter provides.

The Hospital and the Society have held discussions about their on-going relationship and are in the process of negotiating a proposal for the transfer of the business and the assets of the Hospital to a subsidiary of the Society.

Any transaction will be subject to approval by the Members of The Benenden Hospital Trust and by the Charity Commission, as well as completion of other necessary regulatory and legal steps. It is uncertain how long the process of obtaining Members approval and regulatory consent will take, and therefore both whether a transaction will occur, and the timing of any transaction, are uncertain.

Having considered the uncertainties, future financial projections and the funding provided by the Society to support the financial operations, the Governors have determined that it remains appropriate to adopt the going concern basis in preparing the financial statements.

However, given the planned transaction with the Society to transfer the assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Managing Risks

The Governors have an established Risk Management Framework which, supported by a Board Assurance Framework and the High-Level Risk Register, aims to enhance the quality of services offered to patients. BHT recognises the need for robust systems and processes to support continuous risk management, enabling members of staff to integrate risk management into their daily activities and support better decision making through a good understanding of risks and their likely impact.

BHT recognises that positive and managed risk-taking is essential for control of growth, development and innovation. The Governors have set out in its risk management policy, its risk appetite and has adopted a formal risk matrix to allow risks to be fully understood and evaluated against that risk appetite. The following are considered the key strategic risks.

COVID-19

Risk: The potential for further impact of COVID-19 remains a risk to the Hospital operations and its patients, together with other issues resulting from the pandemic.

Although no longer contracted to NHSE to provide services, the high incidence of COVID-19 in the region has proved challenging at the start of the year. With the roll out of the vaccine and an encouraging reduction in the 'R' rate, although it is unlikely that the country will ever be COVID-19 free, there is optimism that life will start to return to something closer to normality. With the extreme pressures on the NHS that this pandemic has delivered, whilst there is a risk, there is also a significant opportunity for the private sector to support the NHS with back-log activity and increased demand

for private appointments.

Commercial Risk

Risk: The failure of BHT to deliver on the Commercial Strategy and in particular to engage with Consultants in a way which supports them to bring more private work to BHT, thus growing private patient revenue streams.

BHT has a unique opportunity in 2021 to raise its profile as a significant player in the Self-pay market and to grow its income from Self-pay private patients.

There is a strong focus on delivery of the Commercial Strategy. The plan to deliver includes the appointment of a new Commercial Lead to head Marketing, Business Development and Private Patient sales.

Quality of care

Risk: A lack of staff understanding or compliance with BHT's patient management systems and processes could compromise the quality of care and treatment offered by BHT.

To mitigate this risk, a robust internal governance and assurance framework is maintained, demonstrating adherence with the necessary quality and safety standards. Prominence is placed on continuous improvement, providing the best possible patient care in the right way, by the right people, in the right place and at the right time.

Workforce

Risk: The critical national shortage of qualified clinical staff (including the impact of Brexit) and an ageing workforce of BHT, could lead to a reduction in capacity or required skills to manage demand.

Appropriate succession plans and other initiatives designed to support and mitigate an ageing workforce are in place or being developed to provide a workforce fit for purpose to future proof our Hospital for the years ahead.

IT Infrastructure

Risk: A stable IT infrastructure and Patient Administration System needs to be in place to enable our staff to deliver the highest possible care to our patients. In addition, there is a risk that our systems might not provide suitable assurance over data security and data recovery.

BHT has, in March 2021, successfully implemented a new comprehensive Compucare Patient Administration and Billing System. This is part of a detailed programme of activities designed to mitigate the risk and we are continually enhancing the controls through our information technology transformation programme.

Cyber Security

Risk: Cyber security risk is increasing, driven by global connectivity and use of cloud services. Cyber threats can come from any level in the organisation and could result in data theft/loss or corruption, leading to financial breaches, reputational damage or disruption to services.

As BHT moves from fully on site, ringfenced IT systems to use of cloud-based solutions the Governors have recognised the need to significantly increase its cyber security cover. Investment has been made during 2020, to be continued in 2021 as part of an established IT plan in conjunction with the Society to ensure much greater control and scrutiny over cyber risk.

BHT's IT capability and responsiveness to cyber threat has been significantly enhanced by the appointment of the Society's IT Director as joint IT Director for the Hospital, effective from 7 August 2020.

Plans for Future Periods

Vision

The vision of BHT is “to be the patients' choice, providing high quality, caring and responsive health and wellbeing services”. The key objective for BHT during 2021 and beyond is to maximize the benefits available from the new facility. In order to support this ambition, the Hospital Executive has developed a Commercial Strategy.

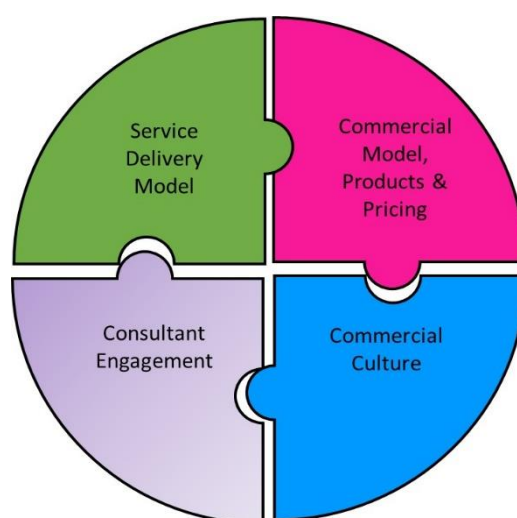
Commercial Strategy

Historically the Hospital has been reliant on the Society. In order to reduce this reliance and to develop the Hospital's future financial sustainability the Hospital Executive has developed a Commercial Strategy, now agreed by the Board of Governors. At the heart of this is the objective to significantly raise the profile of BHT as a provider of private patient services with the ambition to be the preferred provider of choice. As part of the Commercial Strategy a commercial culture and mindset will be embedded to ensure that members of staff think and act in a way that ensures high quality services continue to be delivered as efficiently and effectively as possible.

The Hospital Executive will continuously seek new opportunities to generate private income, partner with individuals and groups that actively support our commercial goals, invest in projects which provide a good return on investment and ensure lean practices and processes support efficient and effective service delivery.

The Commercial Strategy underpins BHT's key strategic objectives of **Growth** (generating additional and sustainable income streams), **Efficiency** (an improved overall efficiency and commercial operating model of the Hospital) and **Excellence** (clinical services, quality, safety and people experience).

BHT Commercial Strategy Model - to achieve the Hospital's vision the Plan is broken into four connecting segments as follows:



Commercial Model Product & Pricing

Our commercial model and pricing will reflect market forces and our commercial response will be agile, supported by clear, transparent processes that are efficient, simple to understand and follow. Our product selection and contracts will reflect this principle and will support the overall commercial vision.

Commercial Culture

BHT will ensure that we are equipped with the right skills required to deliver our commercial strategy and empower managers and teams to behave in a more commercial way, prepared to take risks and demonstrate efficiency and better agility to bring about the required changes. A commercial mindset will be implemented which will support individuals to develop their skills, knowledge and behaviours required to support and achieve the commercial vision.

Consultant Engagement

We will work in partnership with our consultants on a commercial basis and support those consultants and clinical services with strong ambitions to develop their commercial and private patient activities. We will develop strong bonds with private medical secretaries and ensure that our technology supports ease of access and scheduling of consultant own referrals.

Service Delivery

Our service delivery models, from first point of contact to sale and after sale, will reflect the level of priority and identified financial requirements.

Careful, efficient and productive use of all clinical facilities, underpinned by safe, lean, benchmarked and productive staffing structures will be in place.

Structure, Governance and Management

Structure

BHT was incorporated in the United Kingdom on 23 October 1997 (company number 3454120) and was registered as a Charitable Company by the Charity Commissioners on 20 November 1997 (registered number 1065995). The Articles of Association, as amended by a special resolution dated 27 February 2014, govern the Charitable Company.

On the 1 July 2003 BHT became a controlled body of The Benenden Healthcare Society Limited which is an incorporated Friendly Society, registered under the Friendly Societies Act 1992 (registered number 480F). Transactions with related parties are set out in note 20 to the Financial Statements.

The Society was incorporated in the United Kingdom and owns the estate at Benenden in Kent. It leases the hospital and associated properties to BHT on a long-term lease. In addition, the Society makes donations each year to fund the provision of services to Society members and to support BHT with major capital investment projects and for 2020 business development activities. Around 70% of the patients treated at the Hospital are Society members.

Governance

The Governors are responsible for preparing The Board of Governors Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). Company law requires the Governors to prepare Financial Statements for each financial year.

Under company law the Governors 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 Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period.

They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appointment of Governors

The Governors are appointed in accordance with the Charitable Company's Articles of Association. The number of the Governors should not be less than three but is not subject to any maximum. Appointments are normally reviewed every two years and Governors are either re-appointed or replaced with new appointments. In line with the Society's own articles, aligned with its regulator as a Friendly Society, the Society shall appoint the majority of the Governors and may remove or replace any person it appoints.

BHT may also, by ordinary resolution, appoint a person(s) who is willing to act to be a Governor either to fill a vacancy or as an additional Governor providing that there is

always the majority of Nominated Governors on the Board. No person shall be appointed or re-appointed a Governor at any general meeting unless they are recommended by the Governors.

New appointees undergo an induction programme to BHT and together with existing Governors periodically undertake a training course to understand the duties and responsibilities of Governors.

Hospital Audit Committee

The Governors have an established Audit Committee. This is a sub-committee of the Board and is responsible for ensuring effective systems of internal control, inspection and reporting are maintained, including compliance testing to safeguard the assets of the Charitable Company. Additionally, the Audit Committee is responsible for ensuring that the Charitable Company's affairs comply with the Companies Act 2006 and the Statement of Recommended Practice FRS102.

The Audit Committee receives reports from an independent internal auditor, RSM Risk Assurance Services LLP, who reviews key systems and potential risks based on a programme of need determined by the Audit Committee in conjunction with the auditor. Minutes of the Audit Committee are submitted to the Governors and a summary report is presented to the Group Audit Committee of the Society. The Audit Committee also meets with the external auditor and receives a management report following their audit.

The current members of the Audit Committee are: Governors, Mr A Pilgrim (Chair), Mrs P Clarke and Mr P Rich.

Remuneration & Nominations Committees

The Governors have an established Remuneration Committee and a Nominations Committee. The Remuneration Committee reviews the annual pay award to staff with a recommendation made to the Governors, which approves the pay award. It also sets the remuneration to attract the right calibre of individuals to senior positions. The Nominations Committee considers the knowledge and skills requirements of the Governors whilst ensuring the organisation is fit for purpose to meet the workforce needs of the future.

The current members of the Remuneration Committee and the Nominations Committee are: Governors, Ms A Hays (Chair), Mrs P Clarke and Mrs K Horsford.

Clinical Governance

The Charitable Company has effective governance systems in place which oversee all components of risk management, including patient safety, infection control, complaints, claims, patient information and internal and external regulation.

On a quarterly basis, a multi-disciplinary Integrated Governance Committee, with responsibility for all risk components, reviews all governance issues including reports on Occupational Health, Health and Safety, Patient Safety, Infection Control, Resuscitation and Clinical Audit.

Complaints

A complaints policy based upon the Independent Healthcare Advisory Service 'Code of Practice for Handling Patients' Complaints' is in place. The policy sets out a clear framework within which complaints are managed. A full copy of the Charitable Company's Complaints Policy is available on application.

Healthcare Regulation & Accreditations

BHT is regulated by the Care Quality Commission (CQC). During 2020 the CQC maintained regular contact with providers through quarterly virtual updates which are continuing into 2021 with inspections restricted to a limited number of providers.

During BHT's inspection by the CQC in 2017 Hospital staff were able to demonstrate and to provide evidence from their working practices across all five CQC domains (safe, effective, caring, responsive and well-led). This resulted in BHT receiving a rating of 'Outstanding'.

BHT has maintained its accreditation of ISO27001 which defines the requirements for an information security management system.

Insurance of Officers

Officers' liability insurance is maintained for the Governors and the Hospital Executive in respect of their duties in their respective capacities. Premiums are paid by Society and cross charged to the hospital.

External Auditor

Deloitte were appointed in 2018 as auditors and have confirmed their willingness to continue in office. The auditor, Deloitte LLP, is deemed to be reappointed under Section 487(2) of the Companies Act 2006

Risk Management

The Governors Risk Management Framework is set out on pages 16 to 18. The key objectives of the BHT Risk Management Framework are:

- To support the achievement of BHT's objectives by developing a more dynamic approach to risk management;
- Embed risk management systems and processes within the organisation and to promote the ethos that risk management is everyone's business;
- Create an environment which is as safe as is reasonably practicable by ensuring that risks are continuously identified, assessed and appropriately managed; and
- To foster an organisational culture of openness and willingness to report risks, incidents and near misses that is used for organisation-wide learning.

The Board Assurance Framework provides BHT with a simple but comprehensive method for the effective and focused management of the principal risks that arise in meeting our objectives. This Assurance Framework assesses the most important risks that BHT faces to date (prospective and actual) and is reviewed and updated quarterly by the Hospital Executive and the Hospital Audit Committee before presentation at each Governors meeting.

The Risk Management Framework, supported by the High-Level Risk Register, aims to enhance the quality of service for patients by ensuring that a structured approach to the identification and management of risk is adopted across all the activities of the Charitable Company and which complements quality and audit programmes.

This is achieved by devolving authority and responsibility to manage risk at all levels of the organisation; ensuring staff with direct responsibility for the management of risk within their sphere of authority are adequately trained and are competent in those skills; identification, analysis and control of risks by conducting risk assessments and taking appropriate action to minimise or eliminate those risks; and developing communication lines with all groups that impact upon or influence risk management throughout the Charitable Company.



Benenden Hospital Reception area.

Management

The strategy of the Charitable Company is set by the Governors and implemented by the Hospital Executive. The Strategic Report, as required by the Companies Act, is included in this Governor's Report.

The Governors met formally on a total of ten occasions during 2020. During 2020 there were also a number of additional meetings convened due to the exceptional circumstances. The Governors approved the strategies and major policies related to the running of the Charitable Company, including the Standing Financial Instructions and the 2021 – 2023 Financial Plan.

The Governors monitor performance in all key areas through a number of key performance indicators and receives regular reports on Activity, Finance, Complaints, Risk Management, Governance, and Health & Safety from the Hospital Executive. So far as each Governor is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware. Each Governor has taken all the steps required of a Governor to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

Reference and Administrative Information

The Board of Governors

Nominated Governors (Trustees)

- Mrs G Binks MBE (resigned 22 September 2020)
- Mr R Andrews
- Mrs P Clark
- Mr M Bury (resigned 15 October 2020)
- Mr A Humphreys (appointed 15 October 2020)
- Ms A Hays (appointed 15 October 2020)

Appointed Governors (Trustees)

- Mr R Mawford (resigned 31 August 2020)
- Mr J Jackson (resigned 30 June 2020)
- Mr A Pilgrim
- Mrs K Horsford (appointed 20 July 2020)
- Mr P Rich (appointed 1 September 2020)

Hospital Executive

- Mrs J Abbott – MSc / BA (Hons) / RGN: Hospital Director & Company Secretary
- Ms M Anderson – MCIPD: Director of Human Resources & Organisational Development
- Mr G Boyd – FCMA / MCMI: Finance Director (retired 30 June 2020)
- Mrs C Wood - ACA: Director of Finance (appointed 3 August 2020 - resigned 11 June 2021)
- Mr P Puxty – FCA: Director of Finance (appointed 6 September 2021)
- Mr R Connell – MD / FRCOG: Medical Director (appointed 1 January 2020)
- Mrs C Harley – MA / MSc: Director of Patient Services
- Mr D Shortland – Director of Marketing and Business Development (resigned 31 December 2020)
- Mr M Cowling- Group IT Director (appointed 7 August 2020)

External Auditors

Deloitte LLP
3 Victoria Square, Victoria St, St Albans, AL1 3TF

RSM Risk Assurance Services LLP
5th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Bankers

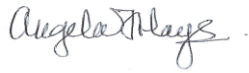
National Westminster Bank PLC
South Essex Commercial Office, 3rd Floor, Phoenix Place, Christopher Martin Road,
Basildon, Essex, SS14 3GQ

Solicitors

Brachers LLP
Somerfield House, 59 London Road, Maidstone, Kent, ME16 8JH

Registered Office & Business Address

The Benenden Hospital Trust
Goddard's Green Road, Benenden, Cranbrook, Kent, TN17 4AX
Telephone: 01580 230661
Website: www.benendenhospital.org.uk
Registered Number: 3454120 (registered in England and Wales) Charity Number
1065995



Ms Angela Hays

Chair of the Board of Governors of The Benenden Hospital Trust
15th December 2021

Independent Auditor's Report to the Members of The Benenden Hospital Trust

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Benenden Hospital Trust (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities;
- the summary income and expenditure account;
- the charitable company balance sheet;
- the cash flow statement;
- the statement of accounting policies;
- the critical judgements & key sources of estimation uncertainty; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note (b) in the financial statements, which indicates that the Governors are currently planning for a transaction with the Benenden Healthcare Society for a proposal for the transfer of the business and the assets of the charitable company to a subsidiary of the Society. The transaction is subject to approval by the Members of the charitable company and by the Charity Commission, as well as completion of legal and regulatory procedures. As stated in note (b), these events or conditions, along with the other matters as set forth in note (b), indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Governors

As explained more fully in the Statement of the Governors' Responsibilities, the Governors (who are also the directors of the charitable company for the purpose of company law and the trustees of the charitable company) 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 Governors 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 Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act, UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations, Care Quality Commission regulations and relevant employment legislation.

We discussed among the audit engagement team including relevant internal specialists such as IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the area of accuracy, occurrence and completeness of NHS England income stream, and our specific procedures performed to address it are described below::

- performing a substantive analytic procedures to test the amounts claimed from NHS England and agreed amounts received to bank;

- reviewing the correspondence for evidence of the items where there is disagreement, and agreeing amounts provided to supporting evidence; and
- evaluating the overall appropriateness of amounts recognised and how estimation uncertainty has been considered in accounting for this NHS England income stream and amounts receivable.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports and reviewing correspondence with Charity Commission.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

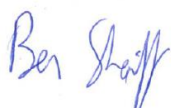
In our opinion, based on the work undertaken in the course of the audit:

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

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

Use of Our Report

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



Ben Sheriff FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
15th December 2021

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Restricted Funds 2020 £000s	Unrestricted Funds 2020 £000s	Total Funds 2020 £000s	Total Funds (restated) 2019 £000s
INCOME & ENDOWMENTS FROM					
Donations & Legacies	1	-	3,004	3,004	89
Income from Charitable Activities		-	32,054	32,054	41,274
Other Trading Activities		-	168	168	182
Income from Investments		-	3	3	9
TOTAL INCOME		-	35,229	35,229	41,554
EXPENDITURE ON CHARITABLE ACTIVITIES					
Expenditure on Charitable Activities	2	-	(34,484)	(34,484)	(41,776)
TOTAL EXPENDITURE		-	(34,484)	(34,484)	(41,776)
Net Income / (Expenditure) & Net Movement in Funds for the year	4	-	745	745	(222)
Reconciliation of Funds					
Total Funds Brought Forward		59	16,142	16,201	16,423
Total Funds Carried Forward	11, 13	59	16,887	16,946	16,201

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year and prior year.

Total funds for 2020 includes £59k of restricted funds under Reconciliation of Funds.

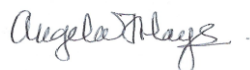
The notes on pages 36 to 54 form part of these Financial Statements.

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	2020 £000s	2020 £000s	2019 £000s (restated)	2019 £000s (restated)
FIXED ASSETS					
Tangible Assets	6		11,004		12,188
Intangible Fixed Assets	7		970		-
			11,974		12,188
CURRENT ASSETS					
Stock	8	534		536	
Debtors	9	5,019		5,028	
Cash at Bank & in Hand	16	1,943		1,671	
TOTAL CURRENT ASSETS		7,496		7,235	
CREDITORS					
Amounts Falling Due Within One Year	10	(2,524)		(3,222)	
NET CURRENT ASSETS			4,972		4,013
NET ASSETS	12		16,946		16,201
THE FUNDS OF THE CHARITY					
Restricted Funds	11		59		59
Unrestricted Funds	11		16,887		16,142
TOTAL CHARITY FUNDS			16,946		16,201

The Financial Statements were approved by the Governors on 15th December 2021 and signed on their behalf.



Ms Angela Hays

Chair of the Board of Governors of The Benenden Hospital Trust

The notes on pages 36 to 54 form part of these Financial Statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000s	2019 £000s
Cash from / (used in) Operating Activities	14	2,295	(1,883)
Cash Flows from Investing Activities			
Returns on Investments & Servicing of Finance	15	3	9
Capital Expenditure & Financial Investment	15	(2,026)	(2,234)
Cash used in Investing Activities		(2,023)	(2,225)
Increase / (Decrease) in Cash & Cash Equivalents in the Year		272	(4,108)
Cash & Cash Equivalents at the start of the Year		1,671	5,779
Total Cash & Cash Equivalents at the end of the Year	16	1,943	1,671

The notes on pages 36 to 54 form part of these Financial Statements.

Statement of Accounting Policies

a. Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 – effective 1 January 2019) and the Companies Act 2006. The Benenden Hospital Trust (BHT or Hospital or Charitable Company or the charity) meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

b. Going Concern

The accounting rules require the Board of Governors (Governors) to assess, as part of the accounts production process, the Hospital's ability to continue as a going concern. In considering the going concern basis of the Hospital, the Governors have been mindful of COVID-19 and its effects on the operations of the Hospital, as well as the Governors' on-going discussions with the Society about the relationship between the Hospital and the Society.

The COVID-19 pandemic developed rapidly in 2020, with increasing numbers of infections. The virus, together with government guidance and NHS England (NHSE) contractual decisions, directly impacted the operations of the Hospital in 2020 and its financial performance. The impact of COVID-19 has continued into 2021 and has impacted operational capacity and financial performance in the first quarter.

With a wide-scale vaccination programme and the most recent lockdown coming to an end, BHT believes that it is now over the most severe impact of the pandemic. However, the position remains uncertain and membership referrals have been adversely impacted, which in turn impacts future activity and income levels which have been reflected in the current forecasts reviewed by the Governors.

Government guidance remains fluid directly impacting the delivery and cost of services, through increased testing, cleaning, Personal Protective Equipment and patient isolation. The changing picture, both at a National and local level, continues to add complexity to the delivery of services.

In the light of COVID-19 BHT reviewed and revised its financial forecasts in the latter part of the year, forecasting through to 2022. In addition, as part of the work done on BHT's Commercial Strategy the Hospital has outlined a turnaround plan through to 2025, including strong private patient delivery. On an on-going basis BHT monitors performance against the 2021 budget and reviews the out-turn position. Although performance to date in 2021 is in line with the Commercial Strategy, the latest forecasts show a small deficit for 2021 but an improvement in the net cash position.

Statement of Accounting Policies

The Governors have considered the revised forecast, against the original budgeted/planned position to December 2022. Currently it is not expected that the Hospital will require any further support from the Society, but support up to a level of £5m has been agreed if required to enable the Hospital to meet its obligations as they fall due.

The Hospital and the Society have held discussions about the on-going relationship between the Hospital and the Society and are in the process of negotiating a proposal for the transfer of the trading assets and liabilities of the Hospital to a subsidiary of the Society. Any transaction would be subject to approval by the Members of the Hospital and by the Charity Commission, as well as completion of necessary legal and regulatory steps. Whether a transaction will occur, and its timing, is therefore uncertain.

Having considered the uncertainties, future financial projections and the funding support provided by the Society to support the financial operations, the Governors have a reasonable expectation that the Charitable Company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

However, given the planned transaction with the Society to transfer the business and assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

c. Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund are set out in the notes to the financial statements.

Statement of Accounting Policies

d. Income

Income is recognised in the period in which the Hospital has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income generated from patient services in the operation of an independent hospital is recognised to the extent that it is probable that the economic benefits will flow to the Hospital and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

This year income received from Society members' activity has been presented as "Income from Charitable Activities", reflecting the commercial arrangement in place between the parties. Previously, this was presented as "Donations" (see note 13).

e. Donations & Legacies

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donations received from the Society in 2020 were used to fund capital expenditure and expenditure on marketing and business development.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Other donations and legacies are included in the statement of financial activities once entitlement, probability and the amount can be reliably measured, subject to any restrictions specified.

f. Interest Received

Interest on funds held on deposit is accrued as earned and added to the source fund to ensure appropriate use.

g. Income from Trading Activities

Income from trading activities comprises revenue recognised by the Charitable Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Statement of Accounting Policies

h. Expenditure on Charitable Activities

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

i. Pensions

BHT and the Society are participating employers in a pension scheme ("the scheme") which provides both a defined benefit and a defined contribution pension scheme that is contracted out of the State Scheme.

The funds held under the defined benefit scheme are valued every three years by a professionally qualified independent actuary, with the rates of contribution payable then being determined by the Pension Trustees on the advice of the independent actuary. The Society is the principal employer and, in line with FRS102, is considered the sponsoring employer of the scheme as it recognises the net defined benefit cost of the scheme and there is no contractual agreement or stated policy for recharging the section 28 net defined benefit cost. Consequently, the Society has recognised the FRS102 deficit of £47,265k (2019: £44,199k) at 31 December 2020, of which BHT's share is £40,175k (2019: £37,569k). The Board of Governors unanimously reached agreement on the requirement of the hospital to make deficit payments in relation to the pension and payments started in March 2021.

j. Operating Leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

k. Tangible Fixed Assets & Depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

The Capitalisation Policy capitalises individual equipment purchases or groups of like purchases with a value of £5,000 or greater.

Depreciation is calculated to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

- Leasehold improvements – 4%.
- Furniture, fixtures, fittings and equipment:
 - Medical Equipment – 20%;
 - Computer Equipment – 33%;
 - Fixtures and fittings – 14%.
- Motor vehicles – 25%.

Statement of Accounting Policies

l. Stocks

Medical consumables and pharmacy stocks are stated at the lower of cost and net realisable value. This represents a change in accounting policy in 2020 and a resultant prior year adjustment. Previously medical consumables were excluded from stocks and charged directly to the statement of financial activities when purchased. In general, cost is determined on a first-in first-out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

m. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n. Current Asset Investments

Deposits held by the bank for longer than three months but maturing in less than twelve months will be shown as current asset investments in line with the requirements set out in the Charities SORP (FRS 102).

o. Cash at Bank & in Hand

Cash at bank and in Hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p. Creditors & Provisions

Creditors and provisions are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q. Provision for Outstanding Benefits

Provision in respect of all outstanding benefits for members of the Society is made by the Society and not included in the BHT financial statements.

r. Holiday Pay Provision

Holiday pay provisions are made in respect of days accrued but not taken in year.

s. Financial Instruments

BHT does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from trade debtors and payables to creditors and suppliers. The recognition of trade debtors and trade creditors is at fair value. Deferred Income, accruals and prepayments are recognised at the amortised cost.

Financial assets and financial liabilities are recognised when the hospital becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Statement of Accounting Policies

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial liabilities are de-recognised only when

the obligation specified in the contract is discharged, cancelled or expires. Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Critical Judgements & Key Sources of Estimation Uncertainty

Preparation of the financial statements requires the Governors and management to make judgements and estimates. The items in the financial statements where critical accounting judgements have been made include:

- **Pensions** – Assets of the scheme are held in The Benenden Healthcare Pension Plan. The Scheme also administers the pension arrangements of the Society. Under FRS102 the Society is considered to be the sponsoring employer, as it recognises the net defined benefit cost, and as such the Society has recognised the whole deficit of £47,265k (2019: £44,199k) as the deemed sponsoring employer. At 31 December 2020 the deficit attributable to BHT was £40,175k (2019: £37,569k). In January 2021 BHT entered into an agreement with the scheme and the Society whereby BHT would make deficit payments in relation to the pension and payments started in March 2021.

Other areas of judgement and estimation which the Governors and management draw attention to for the purposes of an understanding of the financial statements (but which are not critical accounting judgements or key sources of estimation uncertainty under FRS 102) include:

- **Stock of Medical Consumables** - As at 31 December 2020 a physical stock verification exercise was carried out to arrive at the value of medical consumables stock included within the Balance Sheet. For the prior year it has been necessary to estimate the value of the stock held, based on the average stock levels held in the Materials Management stock system, together with an additional figure for Brexit stock as at 2019.
- **Tangible Fixed Assets** - As stated in the accounting policy for Tangible Fixed Assets, the Hospital's assets are depreciated over their useful economic lives considering residual values, where appropriate. The actual lives of the assets and the residual values are assessed annually and may vary depending on a number of factors.
- **Claims Provision** - The medical insurance claims provision is reviewed on a quarterly basis, including at the financial year end, to ensure that the provision held is sufficient to cover any known potential claims, including anticipated legal costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. DONATIONS & LEGACIES

	Total Funds (Unrestricted) 2020 £000s	Total Funds (Unrestricted) 2019 £000s
Legacies	297	59
Donations - Individuals	-	3
Donations - Kathleen Smith Foundation	6	5
Donations - Benenden Healthcare Society	2,701	1
Donations - Rising Mercury Society	-	20
Donations - Friends of Benenden Hospital	-	1
Total Funds	3,004	89

There were no restrictions placed on any funds from Donations and Legacies received in 2020.

2. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Total Costs 2020 £000s	Total Costs (as restated) 2019 £000s
Staff Costs	11,487	12,033
Depreciation	2,243	2,006
Clinical Consultants Fees	7,089	10,684
Medical Consumables	3,976	5,976
Clinical service contracts	494	480
Governance Costs	215	71
Marketing and Business Development	687	1,505
Rent payable to Society	3,219	3,153
IT Service costs	1,805	1,685
Hospital Services	3,269	4,183
Total Expenditure by Type	34,484	41,776

Note 5

All expenditure incurred above are unrestricted. Costs incurred in raising charitable funds are immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

3. GOVERNANCE COSTS

	2020 £000s	2019 £000s
Auditor's remuneration	67	51
Internal audit costs	38	-
Legal costs	110	17
Governors expenses	-	3
	215	71

4. NET EXPENDITURE

	2020 £000s	2019 £000s
This is stated after charging;		
Depreciation of Tangible Fixed Assets; Owned by the charity	2,243	2,006
Operating Lease Rentals	55	65
Property	3,219	3,153

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. EMPLOYEES, STAFF & AGENCY COSTS

Average Monthly Number of People Employed was follows;

Clinical Staff
Clinical Support Staff
Admin Staff

Total Staffing (Headcount excluding bank)

Average bank staff paid in a month
Average bank staff not worked in the month

Total Bank staff - (Headcount)

Average FTEs (Perm)
Average FTEs (Bank)

Average Monthly Full Time Equivalent Employees

2020 Number	2019 Number
179	181
84	83
123	119
386	383
30	51
67	18
97	69
315	310
7	15
322	325

Staff & Agency Costs were as follows;

Staff Costs
Social Security Costs
Pension Costs
Redundancy Costs inc PILON
Agency Staff

Total Staff & Agency Costs

2020 £000s	2019 £000s
9,268	9,505
822	824
1,178	1,122
38	0
181	582
11,487	12,033

Number of employees who received emoluments above £60,000 per annum were as follows;

60,000 to 70,000
70,001 to 80,000
90,001 to 100,000
100,001 to 110,000
110,001 to 120,000
120,001 to 130,000
140,001 to 150,000
150,001 to 160,000
190,001 to 200,000
200,001 to 210,000

2020 Number	2019 Number
7	7
1	-
-	1
1	2
2	-
1	2
-	1
1	-
1	-
-	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

The key management personnel of BHT are the Governors and the Hospital Executive as set out on page 26. The charity trustees were not paid or in receipt of any other benefits from employment with BHT in 2020 (2019: £nil).

The Hospital Executive received total employee benefits of £554k in 2020 (2019: £798k) of which the Hospital Director was the highest paid employee receiving total employee benefits of £199k (2019: £224k) including £17k in employer's pension contributions (2019: £17k)

6. TANGIBLE FIXED ASSETS

	Leasehold Property & Improvements £000s	Fixtures, Fittings & Equipment £000s	Motor Vehicles £000s	Total £000s
Cost				
At 1 January 2020	10,844	10,882	162	21,888
Additions	75	984	-	1,059
Disposals / Write Off	-	-	(9)	(9)
At 31 December 2020	10,919	11,866	153	22,938
Depreciation				
At 1 January 2020	4,044	5,553	103	9,700
Charge for the Year	440	1,784	19	2,243
Disposals / Write Off	-	-	(9)	(9)
At 31 December 2020	4,484	7,337	113	11,934
Net Book Value				
At 31 December 2020	6,435	4,529	40	11,004
At 31 December 2019	6,800	5,329	59	12,188

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. INTANGIBLE ASSETS

	Computer Systems & licences £000s
Cost	
At 1 January 2020	-
Additions	970
At 31 December 2020	970
Depreciation	
At 1 January 2020	-
Charge for the Year	-
At 31 December 2020	-
Net Book Value	
At 31 December 2020	970
At 31 December 2019	-

Costs relate to the new Patient Administration System, which went Live in April 2021. There are no depreciation costs in the year to 31 December 2020.

8. STOCKS

	2020 £000s	2019 as restated £000s
Pharmacy Stock	50	44
Medical Consumables Stock	484	492
Total Stock	534	536

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

9. DEBTORS

	2020 £000s	2019 £000s
Trade Debtors	124	1,693
Amounts Due from Related Parties	2,385	2,248
Accrued income	1,810	297
Prepayments	700	790
Total Debtors	5,019	5,028

At 31 December 2020 the total of all amounts due to BHT from the Society was £2,385k (2019: £2,248k) relating to December 2020 activity.

The sum of £1,810k (2019: £nil) shown as accrued income is due under the NHSE contract. In 2019 the accrued income figure is for NHS e-referrals work.

10. CREDITORS: Amounts Falling due within One Year

	2020 £000s	2019 £000s
Trade Creditors	879	1,567
Social Security & Other Taxes	230	246
Other Creditors	142	144
Deferred Income	126	-
Accruals	1,147	1,265
Total Creditors	2,524	3,222

Included in Other Creditors is a Provision for professional fees relating to insurance claims at £33k (2019: £100k).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

11. STATEMENT OF FUNDS

	B/Forward (restated) £000s	Incoming Resources £000s	Resources Expended £000s	Transfers In / Out £000s	Carried Forward £000s
Designated Funds	-	-	-	-	-
General Funds	16,142	35,229	(34,484)	-	16,887
Unrestricted Funds	16,142	35,229	(34,484)	-	16,887
Restricted Funds	59	-	-	-	59
Total Funds	16,201	35,229	(34,484)	-	16,946

Restricted funds represent donations which the donors have requested should be used for specific types of purchases of equipment or assets.

The Governors consider that the charitable company's Free Reserves are sufficient. Unrestricted funds less Tangible Fixed Assets, for the year these are: £16,887k - £11,004k = £5,883k (2019: £16,142k - £12,188k = £3,954k). The Reserves policy for the Hospital requires that sufficient free reserves exist to meet at least one month's cash outflows (£3,000k). The current free reserves meet that requirement.

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2020 £000s	Unrestricted Funds 2020 £000s	Total Funds 2020 £000s	Total Funds (restated) 2019 £000s
Tangible Fixed Assets	-	11,974	11,974	12,188
Current Assets	59	7,437	7,496	7,235
Creditors Due within One Year	-	(2,524)	(2,524)	(3,222)
Total of Net Assets	59	16,887	16,946	16,201

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

13. PRIOR PERIOD ADJUSTMENTS

	2019 Previously Reported £000s	2019 Prior period Adjustment £000s	2019 Restated £000s
Re-classification of Income from Society			
Donations and legacies	29,936	(29,847)	89
Income from Charitable activities	-	41,274	41,274
Other Trading activity	11,609	(11,427)	182
Investment income	9	-	9
Total income	41,554	-	41,554
Change of Accounting Policy – Medical Consumables Stock			
Expenditure on Charitable Activities	(41,833)	57	(41,776)
Net Movement in Funds	(279)	57	(222)
Current Assets- Stock	44	492	536
Net Current Assets	3,521	492	4,013
Unrestricted Funds	15,650	492	16,142
Total Funds carried forward	15,709	492	16,201

Re-classification of Income from Society

In recognition that the relationship between BHT is on an arms-length commercial basis for clinical services provided to Society members, it is felt more appropriate to disclose this as Income from Charitable activities, not as Donations. Similarly, income from other patient activity is re-classified as Income from Charitable activities, in accordance with BHT's charitable objectives.

Change of Accounting Policy – Medical Consumables Stock

During the year BHT elected to change its accounting policy with regard to the recognition of medical stock. It is considered appropriate to reflect the material value of stock held and not just the value of pharmacy stock, to reflect the true value of the Hospital's assets. Medical consumables stock held at 31 December 2020 was £484k, at 31 December 2019 it was £492k and at 31 December 2018 it was £435k. This change in accounting policy has resulted in BHT restating its prior year results as presented in these 2020 financial statements, the impact of which is summarised above. The stock movement reflected in the Statement of Financial Activities for 2020 is an £8k reduction.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £000s	2019as restated £000s
Net Incoming / (Outgoing) Resources before Revaluations	745	(222)
Returns on Investments & Servicing of Finance	(3)	(9)
Depreciation of Tangible Fixed Assets	2,243	2,006
(Profit) /Loss on Disposal of Tangible Fixed Assets	(3)	101
Decrease/ (Increase) in Stocks	2	(64)
Decrease/ (Increase) in Trade Debtors	1,569	(1,043)
(Increase) in Amounts Owed by Related Parties	(137)	(2,248)
(Increase) in Other Debtors inc. NHSE	(1,513)	(297)
Decrease/ (Increase) in Prepayments	90	(91)
(Decrease)/ Increase in Trade Creditors	(688)	252
(Decrease)/ Increase in Social Security & Other Taxes	(16)	26
Increase / (Decrease) in Other Creditors and Deferred Income	126	(496)
(Decrease)/Increase in Accruals	(120)	202
Net Cash Inflow / (Outflow) from Operations	2,295	(1,883)

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2020 £000s	2019 £000s
Returns on Investments & Servicing of Finance		
Interest Received	3	9
Capital Expenditure & Financial Investment		
Purchase of Tangible Fixed Asset	(2,029)	(2,234)
Proceeds from Sale of Tangible Fixed Asset	3	-
Net Cash Outflow Capital Expenditure	(2,026)	(2,234)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2020 £000s	Cash Flow £000s	31 December 2020 £000s
Cash at Bank & in Hand	1,671	272	1,943
Net Funds	1,671	272	1,943

17. FINANCIAL COMMITMENTS

At 31 December 2020 the charity had annual commitments under non-cancellable operating leases as follows;

	Land & Buildings		Other	
	2020 £000s	2019 £000s	2020 £000s	2019 £000s
Expiry Date;				
Within 1 year	-	-	-	3
Between 2 & 5 Years	-	-	32	48
After More than 5 Years	2,300	3,219	-	-

18. PENSION OBLIGATIONS

The charity participates in a defined benefit and defined contribution scheme (please note that the defined benefit scheme closed for future accruals at 31 December 2018 with no more contributions to it from 1 January 2019).

The total net cost for the charity for the year was £1,178k (2019: £1,122k). Assets of the pension scheme ("the scheme") are held in The Benenden Healthcare Pension Plan. The scheme also administers the pension arrangements of the Society. The scheme is currently in significant deficit and will require the Benenden Hospital Trust to make extra contributions to the scheme as part of the recovery plan. The actuaries have confirmed that it is possible to separate the BHT's assets and liabilities in the scheme and at 31 December 2020 the deficit attributable to BHT was £40,175k (2019: £37,569k). However, disclosure in these accounts is made on the basis that it is a defined benefit scheme with the deficit of £47,265k (2019: £44,199k) being recognised by the deemed sponsoring employer, the Society. Note 19 discloses the agreement after the year-end for BHT to make payments as part of the Pensions Recovery Plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

19. SUBSEQUENT EVENTS

Coronavirus

A new Kent variant of the COVID-19 virus developed rapidly after Christmas 2020, leading to a third National lockdown and significant curtailment to the Hospital's operations in the first quarter of the year.

The Governors do not consider any adjustments are required as a result of this in the financial statements of the Hospital. This follows re-assessment of the going concern position and in the context of continuing support from the Society.

Rent payable to Society

The Society invested £55m in the redevelopment of the hospital site, in line with the specification provided by BHT, and the development was concluded in 2017. At the time both parties agreed to a 25-year lease agreement that reflected the investment made by the Society. The lease was approved by the Governors on 15 November 2017 and commenced on 1 January 2018.

Given the unprecedented uncertainty generated by COVID-19, the Society considered it appropriate to undertake a full valuation of all its property investments including the BHT facility for the purposes of its Annual Report and Accounts for the year to 31 December 2020. Following this decision, the Society also determined to seek consensus for a revised rental agreement with the BHT Governors in advance of the formal market rent review date of 1 January 2023.

Both BHT and the Society separately engaged suitably qualified independent surveyors to provide a Market Value of the BHT facility as well as assessing the market rental value and yield. Following these assessments, a new reduced lease rental of £2,300k has been agreed, effective from 1 January 2020 (2019: £3,219k).

Pension deficit recovery plan

On 31 January 2021 the Society and the Hospital submitted to the Pensions Regulator a Pensions Recovery Plan. After an initial payment of £7,500k made by the Society there is an annual commitment, effective from April 2021, to make deficit payments of £3,000k. The Society and BHT have a joint and shared obligation to make these payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

20. RELATED PARTY TRANSACTIONS

The Benenden Hospital Trust (BHT) is a controlled body of The Benenden Healthcare Society Limited (Society) who are an incorporated friendly society, registered under the Friendly Societies Act 1992, registered number 480F.

The Society had the following transactions with BHT during the year ended 31 December 2020:

a) donated cash:

to the company with a value of £2,701k (2019: £2k)

b) paid for:

Society Patients to be treated at the Hospital at a value of £17,606k (2019: £29,847k);
miscellaneous group costs of £14k (2019: £21k)

c) charged:

rent for the use of Benenden hospital at £3,219k (2019: £3,153k)
insurance for the use of Benenden hospital at £269k (2019: £302k)
for internal/external audit costs of £110k (2019: £nil)
for IT agreements of £419k (2019: £275k)

The lease of the property at Benenden hospital to BHT is under a 25 year lease starting on 1 January 2018, which expires in July 2042, with annual rent starting at of £3,103k and subject to annual increases in line with RPI. This was adjusted down in 2021 following a revaluation exercise. As a result, the expected rent payable in 2021 reduced from £3,254k to £2,300k. The future rental payments will be increased from the revised £2,300k in line with RPI.

At 31 December 2020 the total of all amounts due to BHT from the Society was £2,385k (2019: £2,248k).

At 31 December 2020 the total of all amounts due from BHT to the Society was £268k (2019: £805k).

During 2020 it was agreed between the parties that rent would be paid monthly rather than quarterly to Benenden Healthcare Society.

The consolidated accounts for the Society are available at
<https://www.benenden.co.uk/about-benenden/>.