

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

**REPORT AND GROUP FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2021**



*John Randel, Chair of HSF health plan Ltd & Trustee of the Hospital Saturday Fund, presents a grant cheque to Welsh Air Ambulance Charitable Trust*

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

**THE HOSPITAL SATURDAY FUND**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2021**

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

**REPORT OF THE BOARD OF TRUSTEES**

**YEAR ENDED 31 DECEMBER 2021**

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**OFFICERS AND ADVISERS**

|                             |   |
|-----------------------------|---|
| <i>Chairman</i>             | Mr J Greenwood  |
| <i>Vice Chairman</i>        | Mr D Thomas   |
| <i>Other Trustees</i>       | Mrs J L Dalton LLB (Hons)<br>Mr M Davies<br>Professor P W Palmer BA(Hons) PhD FCIS FIIA DChA FRSH<br>(until 4 <sup>th</sup> November 2021)<br>Mr J Randel<br>Mrs M Rogers |
| <i>Chief Executive</i>      | Mr P W Jackson MSc BA (Hons) DChA   |
| <i>Company Secretary</i>    | Mrs Pauline Jones CertPFS   |
| <i>Patron</i>               | Ms L Garrett CBE FRAM   |
| <i>Principal Bankers</i>    | HSBC Bank Plc,<br>London Commercial Banking Centre, Level 6,<br>71 Queen Victoria Street,<br>London,<br>WC2R 1DJ  |
| <i>Solicitors</i>           | Armstrong Teasdale<br>200 Strand,<br>London,<br>EC2M 2AN  |
| <i>Independent Auditors</i> | MHA MacIntyre Hudson<br>6 <sup>th</sup> Floor,<br>2 London Wall Place<br>London<br>EC2Y 5AU   |
| <i>Investment Managers</i>  | UBS AG<br>5 Broadgate<br>London<br>EC2M 2AN<br><br>Abrdn Capital Limited<br>Bow Bells House<br>1 Bread Street<br>London<br>EC4M 9HH                                       |
| <i>Registered Office</i>    | 24 Upper Ground<br>LONDON SE1 9PD<br><br>Telephone: 020 7202 1365<br>Fax: 020 7928 0446<br>Email: <a href="mailto:charity@hsf.eu.com">charity@hsf.eu.com</a>              |

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

**YEAR ENDED 31 DECEMBER 2021**

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The Board of Trustees is pleased to present the 15<sup>th</sup> Annual Report comprised of the Report of the Board of Trustees and Strategic Report and the audited financial statements for the year ended 31 December 2021.

**STRATEGIC REPORT**

**Summary**

The Hospital Saturday Fund has been helping people in times of illness or medical need since 15 June 1873. In those days there was no NHS and very little government aid for those who needed it most. This led the Victorian social reformer, the Twelfth Earl of Meath, and others to establish The Hospital Saturday Fund to give working people an opportunity to contribute to the costs of running their local hospitals, so named because Saturday was the traditional pay-day when people were more likely to have a few pennies to spare. Over the years leading to the formation of the NHS in 1948, HSF gradually became a health cash plan but maintained its charitable support for hospitals and medical charities.

The Hospital Saturday Fund is now a grant-making charity which donates to medically associated charities for care and research, and to some individuals with health problems throughout the UK and Ireland. The Hospital Saturday Fund is also the parent of three trading subsidiaries The HSF health plan Ltd, HSF health plan Malta Ltd & HSF Assist Ltd which generate the income from their trading activity to fund the grant-making. HSF health plan Ltd is a company limited by guarantee which provides a range of health cash plan schemes throughout the United Kingdom and the Republic of Ireland. HSF health plan Malta markets health cash plan schemes in Malta. HSF Assist Ltd provides an employee support telephone service to corporate clients.

**Services Agreement**

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

**OBJECTIVES AND ACTIVITIES**

**Charitable Objects**

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

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

**Impact**

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

**PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR**

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

**Grants made in the year**

During 2021, HSF processed 393 applications on behalf of individuals and, after careful assessment by the Grant Making Committee, 326 were awarded a grant making a total of £123,968 (2020: £90,780) for the year. A further total of £1,687,382 (2020: £1,242,622) was awarded to 534 medical charities, hospices and hospitals including the special medical school grant. The following pages show a chart and table analysing the grants made in the year by type and by geographical spread. Following these charts are examples of the feedback received from recipients which emphasise the public benefit achieved by the grants.

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

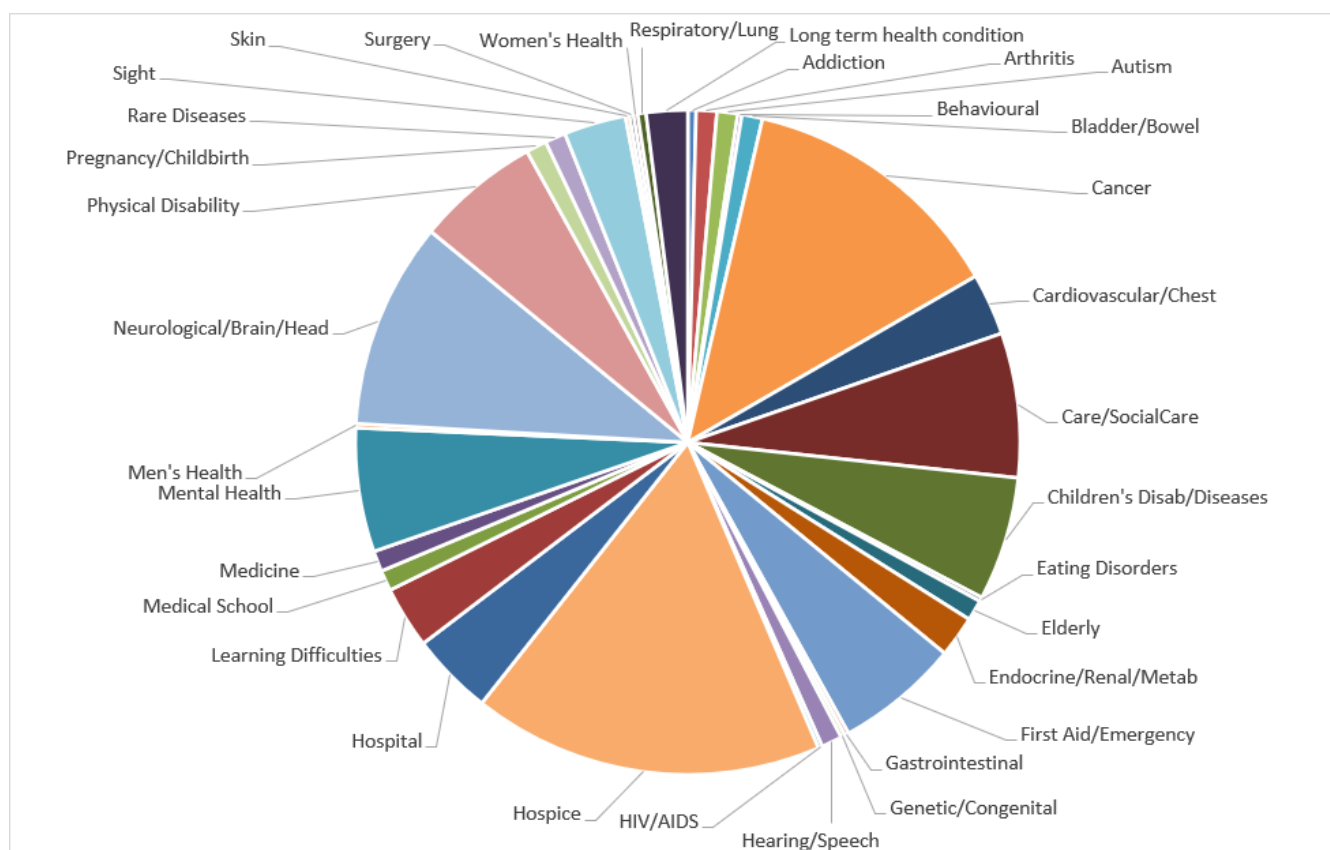
**YEAR ENDED 31 DECEMBER 2021**

**PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)**

**Annual Receptions**

The Board endeavours to hold Receptions each year in order to present grants in person to representatives of medical charities, hospices and hospitals. The Trustees had hoped to hold two such events at the University of Exeter and University College Cork respectively in 2021. Unfortunately, these events have been cancelled due to the current Covid 19 crisis.

The following pie chart shows grants awarded by type of charity for the year ended 31 December 2021



The vast majority of grants awarded were for £2,000 (or €3,000), with 34 lesser donations being made. During 2021, 74 higher grants ranging between £2,000 and £10,000 (or €3,000 and €13,500) were awarded to charities where a specific need was deemed by the Committee to warrant a larger award.

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

Further details of the grants given can be found in Note 8 of the accounts on page 34.

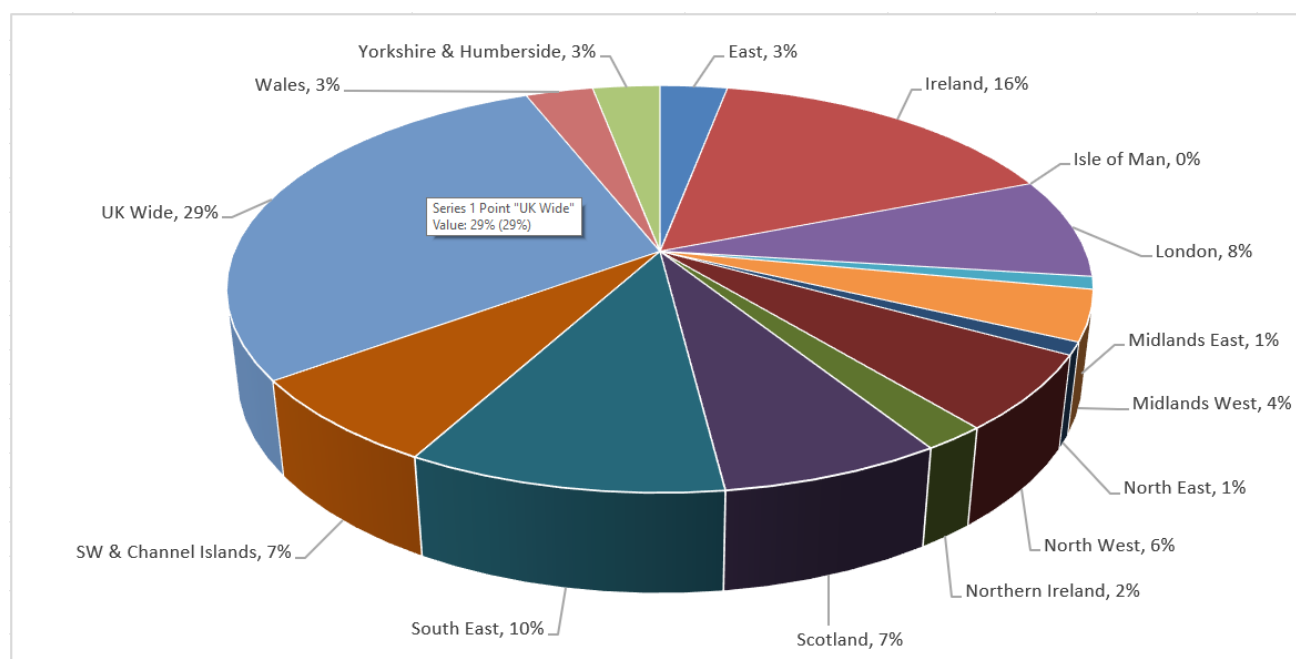
**THE HOSPITAL SATURDAY FUND**  
**(A Company Limited by Guarantee)**

**REPORT OF THE BOARD OF TRUSTEES (continued)**

**YEAR ENDED 31 DECEMBER 2021**

**PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)**

Grants are made to both local and national institutions. The following pie chart shows grants awarded by region for the year ended 31 December 2021.



Organisations receiving grants ranged from Leonard Cheshire Disability, Irish Wheelchair Association, MS Therapy Centre NW, Arthritis Ireland, St John of God Hospital, Hampshire & Isle of Wight Air Ambulance, Cherry Trees, Cruse Bereavement Care Scotland, Irish Heart Foundation, Kidney Research UK, Livability, Greenfingers Charity, Whizz-Kidz, Bliss, Royal College of Emergency Medicine, Cerebral Palsy Cymru, Cork Counselling Services, Air Ambulance Northern Ireland, Glasgow Children's Hospital Charity, MS Trust, Disabled Sailors Association, Pancreatic Cancer UK, Breast Cancer UK, Forget Me Not Children's Hospice, Autistica, Stoke Mandeville Spinal Research, Irish Society for Colitis & Crohn's Disease

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

**Fund Raising**

The Group does not fundraise externally or use any professional fundraiser or any commercial participator in raising its funds.

**Evaluation process**

In meeting the Charities Act requirement to demonstrate public benefit through the grant making process, Trustees consider not only the recipient charities and their applications but also the impact the past awards have had. As such, the Trustees ensure that feedback from recipients is obtained where possible and reviewed for evidence of the grant being used for its correct purpose. In fact, the Trustees commissioned an independent review of the Charity's overall impact. The review was carried out by a MSc Student from Centre for Charity Effectiveness, Bayes Business School, City University of London. The review was extremely positive and the Trustees are to discuss the report's recommendations at their Board meeting on 15 March 2022.

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

**YEAR ENDED 31 DECEMBER 2021**

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**PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)**

Condensed versions of updates received from grantees are available on our website: <https://www.hospitalsaturdayfund.org/news-archive>. Amongst others, updates on the website relating to work supported by The Hospital Saturday Fund in 2021 refer to:

- A grant for their medical elective programme (Imperial College London)
- To help fund research into rare and severe conditions in children (Bowel Research UK)
- To provide support to the National Dementia Helpline (Dementia UK)
- Towards a programme for understanding hearing loss in children (RNID)
- A grant towards midwife pre-eclampsia study days (Action on Pre-eclampsia)
- To fund first aid training (Bay Search and Rescue)
- To help fund a research programme into ovarian cancer and the microbiome (Eve Appeal)
- A grant for syringe pumps for community care (St Christopher's Hospice)
- Funding towards Community Support and Awareness in Northern Ireland (Meningitis Now)
- A grant towards a community nursing service for the homeless (Vineyard Community)
- To help fund new beds for the children's unit (St Andrew's Hospice)
- A grant for electric shower chairs for an older person's unit (Our Lady's Hospice & Care Services)
- Funding towards a Patient Family Liaison Nurse (Welsh Air Ambulance Charitable Trust)
- A grant towards supporting vulnerable young carers (Edinburgh Young Carers)
- To provide a residential Neurorehabilitation space (Acquired Brain Injury Ireland)
- To help fund a community buddy programme (Fight Against Suicide Ireland)
- A grant towards the hospice at home service (Katharine House Hospice)
- To provide assistive magnification technology for sight loss (Walsall Society for the Blind)
- A grant towards a smart technology programme – Enabling the Disabled (Cheshire Ireland)
- To help fund research into improving radiotherapy for prostate cancer (Prostate Cancer Research)

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

**Grant to Cystic Fibrosis Trust**

We are truly grateful for The Hospital Saturday Fund's support of this research programme, and for helping to improve the lung health of people with cystic fibrosis.

**Grant to Polio Survivors Ireland**

It is difficult to paint in words, how much this means, but it makes such a difference to so many and we cannot thank you enough.

**Grant to Downright Special**

Thank you so much for awarding us a grant towards the costs of establishing a Health Lead for Downright Special. As a result, we were able to recruit a Learning Disability Nurse to the team on a temporary part-time basis, and because of your funding we were then able to secure further funding from elsewhere to secure the position for a full year.

**Grant to St Nicholas Hospice Care**

Thank you so very much for the grant to purchase a RAZ Rehab Shower Chair for use on Sylvan Ward. This donation is especially welcome as our funding has come under enormous pressure this year due to Covid-19. Our shops have been shut and fundraising events cancelled. At the same time we have increased the number of beds on our ward in order to be able to reduce pressure on the West Suffolk Hospital. Thank you so much for your support.

**Grant to the British Heart Foundation**

We are proud to have made great strides over the last 60 years, and as we look to the next 60, are more determined than ever to beating heartbreak forever. I would like to take this opportunity to thank you for all that The Hospital Saturday Fund has done to support the BHF over the years, our achievements would not have been possible without it.

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

**YEAR ENDED 31 DECEMBER 2021**

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**PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)**

**Grant to Calibre Audio**

We are very appreciative of The Hospital Saturday Fund's support especially in a year of even higher demand for grants. I thought you would like to read the following comment from a member which shows the difference your grant makes: *"I live alone and have no family and cannot describe the pleasure, and companionship, the audio books give me. At least, for a time, they provide a wonderful form of escapism from the traumas of the turbulent times we are having to confront. Thank you all for making it possible for these pleasures to continue"*.

**Grant to the Central Remedial Clinic**

We are deeply grateful to The Hospital Saturday Fund for your ongoing support of the essential work undertaken by the CRC to make a positive difference to the lives of people with disabilities. Your support of education for children with disabilities helps us achieve our vision for our clients to live full and valued lives as equal citizens.

**Grant to Purple House Cancer Support Ireland**

Our new Rehabilitation Gym was installed last Tuesday. We are absolutely thrilled with it and thank you so much to The Hospital Saturday Fund for all their support, we truly appreciate it.

**Grant to Spina Bifida Hydrocephalus Ireland**

We want to take this opportunity to thank The Hospital Saturday Fund for the funding received which enabled us to produce and develop this very important tool for people in Ireland living with spina bifida and/or hydrocephalus. It will have such a positive impact on the lives of our service users.

**Grant to Kids Cancer Charity**

We are delighted to have resumed the Respite Breaks after they were put off due to the pandemic. Thanks to the generosity of organisations like The Hospital Saturday Fund, we've arranged 125 Respite breaks between May and November. Our Respite Breaks are designed around families with younger children or teenagers with cancer to enable them to spend quality time together in a relaxed environment. Often this will be the first family holiday since diagnosis and provides the whole family an opportunity to spend time together away from the stresses of hospital and invasive treatment allowing them to rebuild the family unit.

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

**Grant for physiotherapy sessions**

I thought it would be nice to send you some photos of Z at physiotherapy sessions, so you can see how much she does benefit from it and how much we appreciate it! Thank you again for all your help and support for Z, it means more than I can say. I wholeheartedly appreciate it. I will always remember your kindness and support.

*Parent of Individual Grant Recipient*

**Grant for home adaptations**

Our thanks to The Hospital Saturday Fund for their recent generous grant. These funds will be used to provide J with his own accessible ground floor bedroom and wet room, so he can continue to be cared for safely and with dignity in his own home. This specific donation will be used to provide non-slip wheelchair accessible flooring for J in his new spaces, which are well underway in their creation! Our gratitude to everyone at The Hospital Saturday Fund for making this positive and lasting difference to J's life.

*Sullivan's Heroes Charity*

**Grant for a wheelchair**

Thank you for the generous donation towards the cost of equipment for our applicant. We are delighted to receive these funds. This donation will allow our applicant to continue to live their life independently. Thank you once again for your continued and valued support.

*Brittle Bone Society*



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

**YEAR ENDED 31 DECEMBER 2021**

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**PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)**

**Grant for a scooter**

I wish to share with you a lovely photograph and a thank you received from our patient, JB. You will clearly see how positive the HSF contribution has made to her happy outdoor pursuits. "I am so thrilled with the scooter, and have really enjoyed being able to get out and about with family and friends in the last few weeks".  
*John Walton Muscular Dystrophy Research Centre*

**Grant for specialised car seat**

Thanks again for the very generous grant for the purpose-made car seat. It came at just the right time with JP's hip dislocation. Thanks again, it will mean a lot to JP and us.  
*Parent of Individual Grant Recipient*

**Grant for a scooter**

Just want to say thanks again for all your support and kindness. I collected the scooter on Saturday morning and am extremely pleased with it. It will change my lifestyle in ways I can't even imagine. I wish you and your organisation all the very best.  
*Individual Grant Recipient*

**Grant for mobility equipment**

J received his rollator and is over the moon with it. Words cannot describe the difference it has made. Just wanted to say thank you again, from both of us.  
*Parent of Individual Grant Recipient*



*Paul Jackson, HSF Group Chief Executive presents a grant cheque to Fiona Stuart, Trustee of the Stella Hancock Driving Group, part of Riding for the Disabled*

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

**YEAR ENDED 31 DECEMBER 2021**

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**FINANCIAL REVIEW**

**State of affairs**

The Group Statement of Financial Activities for the year is set out on page 21 and shows net incoming resources before investment gains and losses for the year of £194,729, (2020: £4,380,024). Net movement in funds for the year amounted to £4,510,877, after investment gains of £4,705,606 resulted in a net asset position as at 31 December 2021 of £47,864,180 (2020: £43,353,303). Of these funds, £27,630,246 is represented by the net assets of the trading subsidiary.

The trading company HSF health plan Ltd's total profit for the year was £4,566,773 (2020: £7,252,628). Total premiums (less Insurance Premium Tax) for the year were £30,163,821. Benefits payable (including Personal Accident premiums and helplines) for the year were £22,444,112 and represented 74.4% of premium income. The Directors consider the overall state of affairs to be satisfactory.

The trading company HSF Assist Ltd's total profit for the year was £27,204 (2020: £18,693). Total income for the year was £50,518 (2020: £31,515). The Directors consider the overall state of affairs to be satisfactory.

For the charity alone, total income for the year amounted to £6,326,837 (2020: £5,876,155) including gift aid from the subsidiary companies of £4,392,316 (2020: £5,594,802). Grants totalling £2,035,073 (2020: £1,333,402) were made during the year, which is considerably in excess of income available for charitable application. These grants were therefore made by utilising expendable endowment funds. After charging the grants and crediting the gift aid payment and realised and unrealised investment gains the endowment fund increased by £833,880 to £18,887,630

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

**Reserves Policy**

The Trustees have established a policy for retaining reserves both in light of the risks the charitable group faces and the Trustees' strategic priorities for their grant making activities. In essence the principal purpose of the reserves are to provide a capital base from which income would be earned to finance the grant making activities. The Trustees' reserve policy is to maintain an expendable endowment at a level of no less than £5m and no greater than £22m, this is to ensure a prudent approach to the risks faced by the Charity and also to ensure the continued level of the Charity's grant-making. This approach has been put in place by the Trustees to avoid the situation where its annual grant-making is reduced or ceases, if the Charity fails to receive a Gift Aid donation from its Trading Subsidiary for a number of years. The Trustees have the powers to approve expenditure from the expendable endowment capital in certain circumstances; however these are likely to be limited to grant making activity where unrestricted reserves are known to be insufficient to meet the cost of particular grants specifically approved by the Trustees. They received a large gift aid donation was received in 2020 and are expecting a large gift aid donation from 2021 which is due to the exceptional circumstances that have resulted from the Covid-19 pandemic. However, given we are forecasting that the long lasting effect of the pandemic will likely result in quite low gift-aid donations over the next three years, also as the largest of the three trading subsidiaries has committed to upgrading its Policyholder Database to improve the level of service provided to its customers, the Trustees are not expecting a large increase in the grant making as a result of the 2021 gift aid. Therefore, this will be used to fund the next three years' grant making.

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

At the end of the year free reserves totalled £1,346,306. Although this is a small increase in the level compared with last year, the continued tough economic climate and its impact on the investment portfolio has meant that grant making activities were all financed from the endowment fund. The Trustees, having reviewed their strategy, are satisfied that the policy is appropriate and satisfied with the level of free reserves. An external review had been carried out in 2019 by a City of London University student, who found our current Reserves Policy is fit for purpose. The policy is reviewed annually by the Board of Trustees to ensure its continuation or to review if there are any required changes to the policy or reserves held and this was approved at the November 2021 Board meeting.

The trading subsidiary HSF health plan Ltd holds reserves of £24,103,765. The trading subsidiary requires reserves of this level to meet its Solvency II requirements as an insurance provider.

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

**YEAR ENDED 31 DECEMBER 2021**

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**Principal Risks and Risk Assessment**

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

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

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

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

The main activity of the Trading Company is operator of a medical cash plan and with this business activity, comes the need to take risk. We monitor the profitability of schemes and the claims data regularly, taking action when required and deemed necessary. The scheme premiums are rated on detailed analysis of historic claims data. Under the insurers regulatory regime, we also consider and diligently monitor a wide range of other risk including market, liquidity, interest rate, insurance, operational, concentration among others, this is done by regular consideration of the ORSA (Own Risk and Solvency Assessment), further information on some of these risks can be found in Note 21 and Note 22 of this document.

**Solvency II**

The Solvency II regime, which came into effect on 1 January 2016, has continued throughout 2020. The most significant requirement under Solvency II is the submission to the Prudential Regulatory Authority (PRA) on a regular basis (usually annually) of the Own Risks and Solvency Assessment (ORSA), following approval of the Board. The ORSA was approved at the Board meeting in September 2021 and was subsequently submitted to the PRA. The Board will continue to monitor this activity and ensure the company continues to satisfy their solvency requirements

**Investments & Investment Policy**

Under the Memorandum and Articles of Association, the Trustees of the Charitable Company have the power to make any investments which the Trustees see fit. On 25 November 2021 the Board appointed Abrdn Capital Limited as Investment Managers, who replaced UBS AG. Although Abrdn Capital Limited were appointed in November 2021 the transfer of investments didn't take place until after the year end.

The Trading Company's Investment Policy is linked to the Prudential Regulation Authority solvency requirements. Its Investment Policy reflects a low to medium risk profile, which is similar to that of the overall Charitable Group. The Charitable Company's portfolio produced a net gains of £4,214,937 on the investments held. Both the Trading Company's & Charitable Company's Investment Policies are reviewed annually by the Charitable Company's Investment Committee.

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

**YEAR ENDED 31 DECEMBER 2021**

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**Investments & Investment Policy (continued)**

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

The Charitable Company's ethical investment policy is that no investment may be made in any company that derives any of its income from tobacco manufacturing or earns more than 10% from tobacco related products. To further enhance the Charitable Company's ethical investment policy all holdings in the portfolio held with UBS AG were switched to a Socially Responsible and Sustainable Strategy in April 2018, the strategy invests in companies that are exhibiting a highly sustainable approach to their business looking at environmental, social and governance criteria. This investment strategy will continue under Aberdeen Standard.

**Remuneration policy**

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

**Post Brexit – Third country branch**

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

**FUTURE PLANS**

The Trustees hold Receptions each year in order to present grants in person to representatives of medical charities, hospices and hospitals. The Trustees hope to hold one such event at the University College Cork on 17 November 2022.

In 2022, it is expected that grants awarded to medical charities, hospitals and hospices will be in the region of £2,100,000 and recipients are already receiving funds. This will be even more appreciated as charities experience a decline in funding, generally, during these difficult times.

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

The Trustees have expanded the trading activities and have completed the previously approved investment in an additional trading subsidiary based in Malta. This subsidiary is marketing health cash plans in Malta and received its insurance licence from the Maltese Financial Services Authority in February 2021.

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

**YEAR ENDED 31 DECEMBER 2021**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**The Association**

The Association performs an important role in the overall governance of the Charitable Company and the governing document is the Articles of Association dated 16 October 2019 and amended 7 November 2019. The Members of the Association are responsible for electing the Board and Honorary Officers of the Charitable Company.

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

**President** The Right Honourable The Lord Mayor of London

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

|  |  |                                      |
|--|--|--------------------------------------|
| <b>Life Members of the Association</b> | Mr. D C Barnes   | Mrs. P E Lee                         |
|  | Mr. P Battams  | Miss. I Racher                       |
|  | Mr. T A Botly  | Mr. A M Rees LLB BA FCIPD            |
|  | Mr. M J Boyle FCA  | Mr. E W Smith                        |
|  | Miss. D O Denton JP                                      | Mr. W N Smith                        |
|  | Mr. R Dool   | Mr. D T Young                        |
|  | Mr. L I Fellman  | Mr. P P Groat (deceased August 2021) |
|  | Mr. K Lawrey JP LLB MA MSc (Econ) Barrister (Gray's Inn) |                                      |
|  | Mrs. L M C Warner RGN SCM ONHC (deceased 11 Jan 2021)    |                                      |

The Association held two General Meetings during the year, the first being the Annual General Meeting which was held on 13 May 2021 on zoom, due to Covid-19 restrictions. The President and Vice Presidents (listed above) were elected. Recognising that some civic offices change hands at times of the year not close to the Fund's AGM, authority was given to the Board to invite the successors of those elected to serve in the appropriate Honorary Officer capacity.

At an Extraordinary General Meeting held on 4 November 2021, Mr John Greenwood was re-elected as Chairman of the Association and Board, also at this meeting Mrs Jane Dalton and Mr John Randel were elected for a three-year term as Trustees.

**Board of Trustees**

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

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

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

At each Board Meeting, Trustees receive reports from the Board of HSF Assist Limited.

Following the introduction of the Charity Governance Code in July 2017 and further updates in 2020, The Charity has sought to follow the principles throughout its Governance structure and processes.

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

**REPORT OF THE BOARD OF TRUSTEES (continued)**

**YEAR ENDED 31 DECEMBER 2021**

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**Appointment, Induction and Training of the Trustees**

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

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

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

**Grant Making Committee, Policies and Procedures**

The Committee usually meets every quarter and reports directly to the Board. In addition to the two Trustees elected as Chair, Professor Paul Palmer (until 4 November 2021) and Vice Chair, Mrs Margaret Rogers (until 25 November 2021), the Committee includes appointed members Mrs Natalie Bennett, Mr Paul Jackson, Mrs Pauline Jones, Mr Keith Lawrey, Mrs Carol Murphy, Mr Cathal Nolan, and Mr Glyn Tomlinson. Mrs Rogers was elected Chair of the Grant Making Committee on 25 November 2021.

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

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

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

**REPORT OF THE BOARD OF TRUSTEES (continued)**

**YEAR ENDED 31 DECEMBER 2021**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees have also applied the basis of preparation FRS102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and FRS103 Insurance Contracts. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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

ON BEHALF OF THE BOARD ON 15 March 2022



JOHN GREENWOOD  
Chairman



DAVE THOMAS  
Vice-Chairman

**HOSPITAL SATURDAY FUND**  
**YEAR END 31 DECEMBER 2021**

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

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For the purpose of this report, the terms “we” and “our” denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of The Hospital Saturday Fund. For the purposes of the table on pages 14 to 15 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA MacIntyre Hudson. The “parent charitable company” is defined as The Hospital Saturday Fund. The relevant legislation governing the parent charitable company is the United Kingdom Companies Act 2006 (“Companies Act 2006”).

**Opinion**

We have audited the financial statements of The Hospital Saturday Fund (the parent charitable company) and its subsidiaries (the group) for the year ended 31 December 2021.

The financial statements that we have audited comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law, Financial Reporting Standard 102 - *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, Financial Reporting Standard 103 - *Insurance Contracts*, and United Kingdom Generally Accepted Accounting Practice.

In our opinion:

- The financial statements give a true and fair view of the state of the group’s and of the parent charitable company’s affairs as at 31 December 2021 and incoming resources and application of resources, including its income and expenditure, for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Overview of our audit approach**

| Materiality |            | 2021       | 2020     |  |
|-------------|------------|------------|----------|--|
| Group       |            | £1,430,900 | £611,000 | 3% of net assets (2020: 2% of gross revenue) |
| Parent      | charitable | £1,177,800 | £611,000 | 3% of net assets (2020: 2% of gross revenue) |

**Key audit matters**

- Income recognition
- Reasonableness of estimates of provisions for outstanding claims liabilities



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

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**Key Audit Matters**

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

**Income recognition**

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|                                     |   |
|-------------------------------------|---|
| <b>Key audit matter description</b> | Fraud in income recognition is a 'significant audit risk' unless otherwise rebutted. Income could be overstated as to mislead the performance of the Group. |
|-------------------------------------|---|

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|   |  |
|---|--|
| <b>How the scope of our audit responded to the key audit matter</b> | Our procedures included assessing the design and implementation of key controls around the recording of premium income. This included key control testing on new joiners, ensuring that they are accurately and promptly entered into the policyholder system. In addition to the control testing, we performed substantive analytical review procedures reconciling expected premium income from the policyholder database, to that which had been recorded in the financial statements to ensure that income was complete. |
|---|--|

We have also reviewed other sources of income and agreed to supporting documentation where relevant.

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|                         |  |
|-------------------------|--|
| <b>Key Observations</b> | We concluded that income (including premium income) was complete and had been accurately recorded in the financial statements. |
|-------------------------|--|

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**Provision for outstanding claims**

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|                                     |   |
|-------------------------------------|---|
| <b>Key audit matter description</b> | As described in accounting policy 1(r), provisions are made at the year-end for the estimated costs of claims incurred, but not settled, at the balance sheet date. As this assessment requires judgements, it is considered a key area of focus for the audit due to the material amount of the provision. |
|-------------------------------------|---|

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|   |  |
|---|--|
| <b>How the scope of our audit responded to the key audit matter</b> | Our procedures included an assessment of the methodologies used in order to calculate the claim provisions at the year end. We then tested this methodology by substantive analytical review which included the review of historic provision against actual results, review of any changes in methodology used in the current year as compared to previous years, the expected provision based on historical patterns, and the reasonableness of the methodology in light of the Covid-19 pandemic, Brexit or other information available. |
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|                         |   |
|-------------------------|---|
| <b>Key Observations</b> | We concluded that the provision for outstanding claims is within an acceptable level and has been recorded appropriately. |
|-------------------------|---|

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

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**Our application of materiality**

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

Materiality in respect of the parent charitable company was set at £1,177,800 (2020: £611,000) which was determined on the basis of 3% of the Parent charitable company's net assets (2020: 2% of gross revenue). This was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements with which the users of the financial statements are principally concerned.

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

Performance materiality for the parent charitable company was set at £1,001,100 (2020: £519,350) which represents 85% (2020: 85%) of the above materiality levels.

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

We agreed to report any corrected or uncorrected adjustments exceeding £58,500 to the Board of Trustees as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Our definition of materiality considers the value of error or omission on the financial statements that would change or influence the economic decision of a reasonably knowledgeable person. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the group was set at £1,450,500 (2020: £611,100) which was determined on the basis of 3% of Net Assets (2020: 2% of gross revenue).

**The scope of our audit**

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

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

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

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

HSF health plan (Malta) Limited was not considered as a significant component of the group and was subject to a specific procedure engagement (component auditors).

**Conclusions relating to going concern**

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

Our evaluation of the Trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

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

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- the consideration of inherent risks to the group and parent charitable company's operations and specifically its business model
- the evaluation of how those risks might impact on the group and parent charitable company's available financial resources.
- where additional resources may be required the reasonableness and practicality of the assumptions made by the Trustees when assessing the probability and likelihood of those resources becoming available.

Our evaluation of the Trustees' assessment included:

- Liquidity considerations including examination of cash flow projections;
- Solvency considerations including examination of budgets and forecasts and their basis of preparation;
- Viability assessment including consideration of reserve levels and business plans.

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

We have nothing material to add or draw attention to in relation to the Trustees' statement within the Trustees' Report about whether the Trustees consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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

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

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

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion of the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

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- Obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included UK Companies Act, Insurance Services Act 2015 and the Financial Services and Markets Act 2000 and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the group's operations;
- Reviewing key correspondence with regulatory authorities such as the Financial Conduct Authority, Prudential Regulatory Authority, and Financial Reporting Council;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiry of management around actual and potential litigation and claims;
- Enquiry of the audit and finance committee of the subsidiary concerning actual and potential litigation and claims;
- Enquiry of management to identify any instances of known or suspected instances of fraud;
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Assessment of matters reported on the group's whistleblowing helpline and the results of management's investigation of such matters;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing the control systems in place and testing the effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing accounting estimates for bias;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for claims incurred but not reported; and
- Enquiries made of the component auditors of the subsidiary, HSF health plan (Malta) Limited.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the Trustees.

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

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- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group's or the parent charitable company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>

This description forms part of our auditor's report.

**Other requirements**

We were appointed by the Trustees on 29 November 2019. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

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

**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.



**Sudhir Singh FCA  
(Senior Statutory Auditor)**

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

Date: 22 April 2022

**THE HOSPITAL SATURDAY FUND**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

|  | Notes | £            | 2021<br>£    | £            | 2020<br>£    |
|--|-------|--------------|--------------|--------------|--------------|
| <b>TECHNICAL ACCOUNT GENERAL BUSINESS</b>                    |       |              |              |              |              |
| Earned premiums  |       |              |              |              |              |
| Gross premiums written                                       |       | 30,127,674   |              | 31,177,756   |              |
| Change in the gross provision for unearned premiums          |       | 36,147       |              | (169,737)    |              |
|  |       |              |              |              |              |
| Gross premiums earned  |       |              | 30,163,821   |              | 31,008,019   |
| Less: reinsurance premiums                                   |       |              | (157,542)    |              | (1,184,652)  |
|  |       |              |              |              |              |
| Net premiums earned  |       |              | 30,006,279   |              | 29,823,367   |
| <b>Claims incurred</b>                                       |       |              |              |              |              |
| Gross claims paid  |       | (20,985,156) |              | (18,220,179) |              |
| Change in the gross provision for claims outstanding         |       | (736,007)    |              | (42,645)     |              |
|  |       |              |              |              |              |
|  |       |              | (21,721,163) |              | (18,262,824) |
| <b>Net operating expenses</b>                                |       |              |              |              |              |
|  |       |              | (6,352,039)  |              | (5,714,744)  |
| <b>Balance on the technical account for general business</b> |       |              |              |              |              |
|  |       |              | 1,933,077    |              | 5,845,799    |
| <b>NON-TECHNICAL ACCOUNT</b>                                 |       |              |              |              |              |
| <b>Investment income</b>                                     |       |              |              |              |              |
| Income from other financial investments                      | 3     | 782,086      |              | 611,399      |              |
| Interest receivable  | 3     | 37,879       |              | 44,201       |              |
| Realised gains - other financial investments                 | 10    | 153,136      |              | 50,729       |              |
| Unrealised gains - other financial investments               | 10    | 4,570,850    |              | 1,280,626    |              |
| Investment expenses and charges                              |       | (264,936)    |              | (249,838)    |              |
|  |       |              |              |              |              |
|  |       |              | 5,279,015    |              | 1,737,117    |
| <b>Other income</b>  |       |              |              |              |              |
| Coronavirus Job Retention Scheme grants                      | 15    | 16,264       |              | 235,222      |              |
|  |       |              |              |              |              |
|  |       |              | 16,264       |              | 235,222      |
| Donations and legacies received                              |       | 278          |              | 1,598        |              |
| Net income from trading activities                           |       | 281,475      |              | 18,693       |              |
| Other charges – including charitable activities              |       | (2,447,730)  |              | (1,259,865)  |              |
|  |       |              |              |              |              |
|  |       |              | (2,165,977)  |              | (1,239,574)  |
| <b>Profit on ordinary activities before tax</b>              |       |              |              |              |              |
|  |       |              | 5,062,379    |              | 6,578,564    |
| <b>Taxation</b>  |       |              |              |              |              |
|  | 14    |              | (450,342)    |              | (375,970)    |
| <b>Profit for the year after tax</b>                         |       |              |              |              |              |
|  |       |              | 4,612,037    |              | 6,202,594    |

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

The notes on pages 25 to 44 form part of these financial statements.

**THE HOSPITAL SATURDAY FUND**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

|   |              | <b>2021</b>             | <b>2021</b>              | <b>2021</b>              | <b>2021</b>              | <b>2020</b>              |
|---|--------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   |              | <b>Unrestricted</b>     | <b>Trading</b>           | <b>Charity</b>           | <b>Total</b>             | <b>Total</b>             |
|   | <b>Notes</b> | <b>Charity</b>          | <b>Trading</b>           | <b>Expendable</b>        | <b>Total</b>             | <b>Total</b>             |
|   |              | <b>£</b>                | <b>£</b>                 | <b>Endowment</b>         | <b>£</b>                 | <b>£</b>                 |
|   |              |                         |                          | <b>£</b>                 |                          |                          |
| <b>Income and endowments:</b>   |              |                         |                          |                          |                          |                          |
| Donations and legacies  |              | 278                     | -                        | -                        | 278                      | 1,598                    |
| Trading activities  | 7            | -                       | 30,214,339               | -                        | 30,214,339               | 31,039,533               |
| Investment income   | 3            | 421,781                 | 398,184                  | -                        | 819,965                  | 655,600                  |
| Coronavirus Job Retention Scheme  | 15           | -                       | 16,264                   | -                        | 16,264                   | 235,222                  |
| Total incoming resources  |              | <u>422,059</u>          | <u>30,628,787</u>        | <u>-</u>                 | <u>31,050,846</u>        | <u>31,931,953</u>        |
| <b>Expenditure on:</b>  |              |                         |                          |                          |                          |                          |
| Raising funds – trading activities  | 5            | (450)                   | (29,275,117)             | (117,658)                | (29,393,225)             | (26,297,664)             |
| <b>Amounts available for charitable application</b>                         |              | <u>421,609</u>          | <u>1,353,670</u>         | <u>(117,658)</u>         | <u>1,657,621</u>         | <u>5,634,289</u>         |
| Charitable activities   | 8            | (2,035,072)             | -                        | -                        | (2,035,072)              | (1,254,265)              |
| <b>Net (outgoing)/incoming resources before investment gains and losses</b> |              | <u>(1,613,464)</u>      | <u>1,353,670</u>         | <u>(117,658)</u>         | <u>(377,452)</u>         | <u>4,380,024</u>         |
| Gift aid donation   |              | -                       | (4,410,697)              | 4,410,697                | -                        | -                        |
| Gain on revaluation of tangible assets                                      |              | -                       | -                        | -                        | -                        | 2,645,000                |
| Realised investment gain  | 10           | -                       | (12,455)                 | 165,592                  | 153,137                  | 50,729                   |
| Unrealised investment gain  | 10           | -                       | 3,223,980                | 1,346,870                | 4,570,850                | 1,280,626                |
| Transfer between funds  |              | <u>1,811,350</u>        | <u>3,160,271</u>         | <u>(4,971,621)</u>       | <u>-</u>                 | <u>-</u>                 |
| <b>Net movement in funds for the year</b>                                   |              | <u>197,886</u>          | <u>3,314,769</u>         | <u>833,880</u>           | <u>4,346,535</u>         | <u>8,356,380</u>         |
| <b>Funds brought forward</b>  |              | <u>1,148,418</u>        | <u>24,151,135</u>        | <u>18,053,750</u>        | <u>43,353,303</u>        | <u>34,996,923</u>        |
| <b>Funds carried forward at 31 December 2021</b>                            |              | <u><u>1,346,304</u></u> | <u><u>27,465,904</u></u> | <u><u>18,887,630</u></u> | <u><u>47,699,838</u></u> | <u><u>43,353,303</u></u> |

The notes on pages 25 to 44 form part of these financial statements

All transactions are derived from continuing activities.

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

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



## GROUP AND CHARITY BALANCE SHEETS

AT 31 DECEMBER 2021

|   |       | 2021                     |                          | 2020                     |                          |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Notes | Group<br>£               | Charity<br>£             | Group<br>£               | Charity<br>£             |
| <b>FIXED ASSETS</b>                                   |       |                          |                          |                          |                          |
| Tangible assets                                       | 9     | 5,022,331                | -                        | 5,216,738                | -                        |
| Investments   | 10    | 36,744,834               | 31,378,967               | 30,557,478               | 27,164,030               |
|   |       | <u>41,767,165</u>        | <u>31,378,967</u>        | <u>35,774,216</u>        | <u>27,164,030</u>        |
| <b>CURRENT ASSETS</b>                                 |       |                          |                          |                          |                          |
| Debtors   | 11    | 2,419,839                | 2,122                    | 2,410,905                | 1,407                    |
| Cash at bank and in hand                              |       | 10,411,373               | 7,890,265                | 11,022,798               | 7,924,279                |
|   |       | <u>12,831,212</u>        | <u>7,892,388</u>         | <u>13,433,703</u>        | <u>7,925,686</u>         |
| <b>CREDITORS: amounts falling due within one year</b> | 12    | (4,878,395)              | (9,764)                  | (4,487,062)              | (19,724)                 |
| <b>NET CURRENT ASSETS</b>                             |       | <u>7,952,817</u>         | <u>7,882,624</u>         | <u>8,946,641</u>         | <u>7,905,962</u>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>49,719,982</u>        | <u>39,261,591</u>        | <u>44,720,857</u>        | <u>35,069,992</u>        |
| <b>DEFERRED TAXATION</b>                              | 14    | (2,020,144)              | -                        | (1,367,554)              | -                        |
| <b>NET ASSETS</b>                                     |       | <u><u>47,699,838</u></u> | <u><u>39,261,591</u></u> | <u><u>43,353,303</u></u> | <u><u>35,069,992</u></u> |
| Representing:   |       |                          |                          |                          |                          |
| <b>FUNDS</b>  |       |                          |                          |                          |                          |
| Unrestricted funds                                    |       |                          |                          |                          |                          |
| - General funds                                       | 16    | 1,346,304                | 19,025,847               | 1,148,418                | 15,749,403               |
| - Trading funds                                       | 16    | 27,465,904               | -                        | 24,151,135               | -                        |
| Expendable endowment fund                             | 16    | 18,887,630               | 20,235,744               | 18,053,750               | 19,320,589               |
|   |       | <u>47,699,838</u>        | <u>39,261,591</u>        | <u>43,353,303</u>        | <u>35,069,992</u>        |

The financial statements were approved and authorised for issue by the Board of Trustees on 15 March 2022 and were signed below on its behalf by:



JOHN GREENWOOD  
Chairman



DAVE THOMAS  
Vice Chairman

The notes on pages 25 to 44 form part of these financial statements.

**THE HOSPITAL SATURDAY FUND**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | Notes | 2021<br>£          | 2020<br>£         |
|---|-------|--------------------|-------------------|
| <b>Reconciliation of net movement in funds for the year to net operating cash flows</b> |       |                    |                   |
| Net movement in funds for the year  |       | 4,612,037          | 6,202,594         |
| Taxation  |       | 450,342            | 375,970           |
| Exchange losses / (gains)   |       | 684,385            | (518,861)         |
| Unrealised (gains) on other financial investments                                       |       | (4,570,850)        | (1,280,626)       |
| Realised (gains) on other financial investments   |       | (153,137)          | (50,729)          |
| Income from other financial investments and cash  | 3     | (819,965)          | (655,600)         |
| Depreciation and amortisation   |       | 231,351            | 265,830           |
| (Increase) / Decrease in debtors  |       | (8,934)            | 243,247           |
| Increase in creditors   |       | 391,334            | 161,753           |
| <b>Net cashflow from operating activities</b>   |       | <u>816,563</u>     | <u>4,743,578</u>  |
| <b>Cash flows from investment activities</b>  |       |                    |                   |
| Income received from other financial investments  | 3     | 782,086            | 611,399           |
| Interest received   | 3     | 37,879             | 44,201            |
| Exchange (losses) / gains   |       | (702,766)          | 518,861           |
| Purchases of tangible fixed assets  | 9     | (36,944)           | (74,511)          |
| Acquisition of subsidiaries   |       | (3,160,271)        | -                 |
| Purchases of other financial investments  |       | (5,704,647)        | (8,349,813)       |
| Sales of other financial investments  |       | 7,356,675          | 7,576,232         |
| <b>Net cashflow from investing activities</b>   |       | <u>(1,427,988)</u> | <u>326,369</u>    |
| (Decrease)/increase in cash holdings  |       | (611,425)          | 5,069,947         |
| Cash and cash equivalents at 1 January  |       | 11,022,798         | 5,952,851         |
| Cash and cash equivalents at 31 December  |       | <u>10,411,373</u>  | <u>11,022,798</u> |
| <b>Analysis of cash and cash equivalents</b>  |       |                    |                   |
| Cash in hand  |       | 10,411,373         | 11,022,798        |
| <b>Total cash and cash equivalents</b>  |       | <u>10,411,373</u>  | <u>11,022,798</u> |

**ANALYSIS OF CHANGES IN NET DEBT**

|              | At 1 January<br>2021<br>£ | Cashflows<br>£   | Acquisition of<br>subsidiary<br>£ | At 31 December<br>2021<br>£ |
|--------------|---------------------------|------------------|-----------------------------------|-----------------------------|
| Cash         | 11,022,798                | 2,548,846        | (3,160,271)                       | 10,411,373                  |
| <b>Total</b> | <u>11,022,798</u>         | <u>2,548,846</u> | <u>(3,160,271)</u>                | <u>10,411,373</u>           |

# THE HOSPITAL SATURDAY FUND

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. ACCOUNTING POLICIES

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

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

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

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

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

##### a) Gift of investment in HSF health plan Limited

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

##### b) Translation of Foreign Currency

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

##### c) Incoming resources

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

Incoming resources represents donations, income of the trading subsidiaries, investment income and Government grants in the form of the Coronavirus Job Retention Scheme grants received. All income is accounted for on a receivable basis.

##### d) Premiums

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

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

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

All premiums arise in the United Kingdom and Ireland.

##### e) Interest Receivable

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

## THE HOSPITAL SATURDAY FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### 1. ACCOUNTING POLICIES (continued)

###### f) Expenditure

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

###### g) Claims Incurred

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

###### h) Pension Costs

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

###### i) Employee Benefits

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

###### j) Redundancy

Redundancy costs arising from periodic reviews of staff levels are charged against profit in the year in which employees leave the group.

###### k) Grants

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

###### l) Operating Leases

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

###### m) Fund accounting

Unrestricted funds comprise accumulated surpluses on general and trading funds.

General funds comprise the accumulated surplus from the Statement of Financial Activities which are neither restricted nor designated funds. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company.

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

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

## THE HOSPITAL SATURDAY FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. ACCOUNTING POLICIES (continued)

##### n) Tangible Fixed Assets

The group has adopted the revaluation method in relation to its freehold property. Land and buildings occupied by the Company for its own purposes are stated at valuation less depreciation. Depreciation in excess of historical costs is charged to the gains on investment/property.

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

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

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

##### o) Investments

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

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

##### p) Tax

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

##### q) Deferred Tax

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

##### r) Provisions

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

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

# THE HOSPITAL SATURDAY FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

---

#### 1. ACCOUNTING POLICIES (continued)

##### s) Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like debtors arising out of direct insurance operations, trade payables, loans to related parties and investments in non-puttable ordinary shares. Financial instruments are measured at fair value using Section 11 and 12 of the FRS 102 framework. The financial assets and financial liabilities of the Company are as follows:

- Debtors – trade and other debtors are financial instruments and are debt instruments measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received as detailed in note 10. Prepayments amounting to £267,630 (2020: £227,147) for the Company are not financial instruments.
- Cash at bank – is classified as a basic financial instrument and is measured at face value.
- Liabilities – trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in note 11. Amounts due to taxation and social security are not included in the financial instrument disclosure.
- Investments – are measured at fair value with the exception of the investment in the subsidiaries which are stated at cost as detailed in note 1.(o).

##### t) Significant judgments and estimates

The group requires management to make significant judgements and estimates in the preparation of the financial statements. The items in the financial statements where these judgements and estimates have been made include as follows:

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

##### u) Going Concern

The Trustees have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern including the impact of COVID-19. The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. The Trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charities ability to continue as a going concern. The charity therefore continues to adopt the going concern basis in preparing these financial statements.

**THE HOSPITAL SATURDAY FUND**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

| <b>2. PREMIUM INCOME</b>          | <b>2021</b>       | <b>2020</b>       |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>£</b>          | <b>£</b>          |
| Total direct insurance premiums   | 31,612,524        | 32,634,563        |
| Less direct insurance premium tax | (1,484,850)       | (1,456,807)       |
|                                   | <u>          </u> | <u>          </u> |
| Gross direct premiums written     | <u>30,127,674</u> | <u>31,177,756</u> |

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

|                        | <b>2021</b>       | <b>2020</b>       |
|------------------------|-------------------|-------------------|
|                        | <b>£</b>          | <b>£</b>          |
| United Kingdom         | 13,054,000        | 13,545,084        |
| Republic of Ireland    | 17,073,674        | 17,632,672        |
|                        | <u>          </u> | <u>          </u> |
| Gross premiums written | <u>30,127,674</u> | <u>31,177,756</u> |

| <b>3. INVESTMENT INCOME</b>             | <b>2021</b>       | <b>2021</b>       | <b>2020</b>       | <b>2020</b>       |
|---|-------------------|-------------------|-------------------|-------------------|
|   | <b>Charity</b>    | <b>Group</b>      | <b>Charity</b>    | <b>Group</b>      |
|   | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          |
| Income from other financial investments | 418,709           | 782,086           | 254,913           | 611,399           |
| Interest receivable                     | 3,072             | 37,879            | 2,543             | 44,201            |
|   | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
|   | <u>421,781</u>    | <u>819,965</u>    | <u>257,456</u>    | <u>655,600</u>    |

| <b>4. NET INCOME FOR THE YEAR</b>                     | <b>2021</b>    | <b>2020</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| The net income for the year is stated after charging: |                |                |
| Depreciation  | 231,351        | 265,380        |
| Auditors' remuneration:                               |                |                |
| Audit of the charity                                  | 10,200         | 6,840          |
| Audit of the subsidiaries                             | 35,040         | 32,220         |
| Operating leases                                      | <u>101,855</u> | <u>130,455</u> |

**THE HOSPITAL SATURDAY FUND**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

| <b>5. ANALYSIS OF TOTAL RESOURCES EXPENDED</b> | <b>Direct costs<br/>£</b> | <b>Grant funding<br/>£</b> | <b>Support costs<br/>£</b> | <b>2021 Total<br/>£</b> |
|--|---------------------------|----------------------------|----------------------------|-------------------------|
| <b>Raising funds</b>                           |                           |                            |                            |                         |
| Charity  | 118,108                   | -                          | -                          | 118,108                 |
| Subsidiaries                                   | 22,373,753                | -                          | 6,901,364                  | 29,275,117              |
| <b>Charitable activities (Note 8)</b>          | -                         | 1,811,349                  | 223,723                    | 2,035,072               |
| <b>Group Total</b>                             | <b>22,491,861</b>         | <b>1,811,349</b>           | <b>7,125,087</b>           | <b>31,428,297</b>       |

All grants in the year were funded from the expendable endowment. The charitable activities support costs for 2020 is a negative balance due to the effect of exchange variance gains made in the year which forms part of this.

|                                       | <b>Direct costs<br/>£</b> | <b>Grant funding<br/>£</b> | <b>Support costs<br/>£</b> | <b>2020 Total<br/>£</b> |
|---------------------------------------|---------------------------|----------------------------|----------------------------|-------------------------|
| <b>Raising funds</b>                  |                           |                            |                            |                         |
| Charity                               | 96,976                    | -                          | -                          | 96,976                  |
| Subsidiaries                          | 18,262,824                | -                          | 7,937,864                  | 26,200,688              |
| <b>Charitable activities (Note 8)</b> | -                         | 1,333,402                  | (79,137)                   | 1,254,265               |
| <b>Group Total</b>                    | <b>18,359,800</b>         | <b>1,333,402</b>           | <b>7,858,727</b>           | <b>27,551,929</b>       |

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

**ANALYSIS OF SUPPORT COSTS**

|                         | <b>2021 Total<br/>£</b> | <b>2020 Total<br/>£</b> |
|-------------------------|-------------------------|-------------------------|
| Policy Services         | 740,896                 | 1,481,779               |
| Staff Costs             | 3,714,939               | 3,984,428               |
| Property Costs          | 176,346                 | 163,878                 |
| Sales & Marketing Costs | 302,706                 | 219,771                 |
| Administration Costs    | 1,267,413               | 2,333,198               |
| Governance Costs        | 204,843                 | 194,534                 |
| Exchange Variance       | 717,944                 | (518,861)               |
| <b>Total</b>            | <b>7,125,087</b>        | <b>7,858,727</b>        |

**ANALYSIS OF GOVERNANCE COSTS**

|                                     | <b>2021 Total<br/>£</b> | <b>2020 Total<br/>£</b> |
|-------------------------------------|-------------------------|-------------------------|
| Internal Audit                      | -                       | -                       |
| External auditors' remuneration     |                         |                         |
| - Audit services                    | 45,240                  | 39,060                  |
| Governance and professional support | 159,603                 | 155,474                 |
| <b>Total</b>                        | <b>204,843</b>          | <b>194,534</b>          |



# THE HOSPITAL SATURDAY FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 6. STAFF COSTS

##### Charity

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

|   | 2021<br>£        | 2020<br>£        |
|---|------------------|------------------|
| Wages and salaries  | 3,020,934        | 3,163,829        |
| Social security costs   | 330,455          | 337,329          |
| Pension costs   | 363,550          | 483,270          |
|   | <u>3,714,939</u> | <u>3,984,428</u> |
| The average number of persons employed during the year was:             |                  |                  |
| Sales   | 18               | 22               |
| Administration  | 52               | 52               |
|   | <u>70</u>        | <u>74</u>        |
| The number of employees whose annual emoluments exceeded £60,000 were:- |                  |                  |
| £60,001 - £70,000   | 5                | 7                |
| £70,001 - £80,000   | 2                | 4                |
| £80,001 - £90,000   | 1                | 1                |
| £90,001 - £100,000  | -                | 1                |
| £110,001 - £120,000   | -                | 1                |
| £130,001 - £140,000   | 1                | -                |
| £160,001 - £170,000   | 1                | 1                |
| £240,001 - £250,000   | -                | 1                |
| £250,001 - £260,000   | 1                | -                |
|   | <u>1</u>         | <u>-</u>         |

Contributions totalling £175,945 (2020: £262,581) were made to group personal pension plans in respect of the 11 (2020: 16) employees above.

None of the trustees were remunerated during the year for their services as trustees of the parent Charitable Company. Expenses totalling £2,057 (2020: £5,295) were reimbursed to five trustees (2020: five) of the parent Charitable Company for travel, accommodation and subsistence.

Key Management personnel for the Hospital Saturday Fund are only the Trustees as the Charity does not employ any staff. Key management personnel within its trading subsidiary HSF health plan Limited are the Non-Executive Directors, Executive Directors and Head of Departments and total salary and benefits provided total £888,957 (2020: £1,049,898).

There were redundancy payments in the year totalling £38,893 (2020: £122,337). This includes statutory redundancy payments, payments in lieu of notice and non-contractual payments of £11,500 made to 1 members of staff (2020: £25,778 made to 5 members of staff). The non-contractual payments were made under the authority of the Directors when considered to be in HSF health plan Ltd best interest to avoid potential significant HR/legal costs.

## THE HOSPITAL SATURDAY FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 6. STAFF COSTS (continued)

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

|                    | 2021   | 2020   |
|--------------------|--------|--------|
|                    | £      | £      |
| Mrs J L Dalton     | 7,256  | 7,256  |
| Mr M Davies        | 10,878 | 10,878 |
| Mr J Greenwood     | 8,300  | 8,300  |
| Mr J Randel        | 15,934 | 15,934 |
| Mr D Thomas        | 8,600  | 8,600  |
| Total remuneration | 50,968 | 50,968 |

Contributions totalling £1,366 (2020: £1,366) were made to personal pension plan in respect of the 1 (2020: 1) Director above.

#### 7. RESULTS OF SUBSIDIARIES

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

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | £            | £            |
| <b>PROFIT AND LOSS ACCOUNT</b>                        |              |              |
| Premium income  | 30,163,821   | 31,008,019   |
| Claims paid and reinsurance                           | (21,878,705) | (19,447,476) |
| Net operating expenses                                | (6,352,039)  | (5,714,744)  |
| Balance on the technical account for general business | 1,933,077    | 5,845,799    |
| Investment income                                     | 2,904,482    | 1,547,577    |
| Other income  | 16,264       | 235,222      |
| Profit before taxation                                | 4,853,823    | 7,628,598    |
| Profit for the year after taxation                    | 4,566,773    | 7,252,628    |
| <b>BALANCE SHEET</b>                                  |              |              |
| Fixed assets  | 25,936,112   | 24,475,762   |
| Net current assets                                    | 23,455       | 1,021,985    |
| Deferred taxation                                     | (1,855,802)  | (1,367,554)  |
| <b>NET ASSETS</b>                                     | 24,103,765   | 24,130,193   |
| <b>FUNDS</b>  |              |              |
| General reserve                                       | 24,103,765   | 24,130,193   |
|   | 24,103,765   | 24,130,193   |

# THE HOSPITAL SATURDAY FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7. RESULTS OF SUBSIDIARIES (continued)

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

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| <b>PROFIT AND LOSS ACCOUNT</b>          |           |           |
| Premium income                          | 50,518    | 31,515    |
| Helplines and counselling               | (17,946)  | (9,405)   |
| Other admin costs inc gift aid donation | (5,368)   | (3,416)   |
|   |           |           |
| Profit for the year after taxation      | 27,204    | 18,694    |
|   |           |           |
| <b>BALANCE SHEET</b>                    |           |           |
| Net current assets                      | 27,204    | 18,694    |
|   |           |           |
| <b>NET ASSETS</b>                       | 27,204    | 18,694    |
|   |           |           |
| <b>CAPITAL AND RESERVES</b>             |           |           |
| Share capital                           | 1         | 1         |
| Profit and loss account                 | 27,204    | 18,694    |
|   |           |           |
|   | 27,205    | 18,695    |

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

|   | 2021<br>£ |
|---|-----------|
| <b>PROFIT AND LOSS ACCOUNT</b>                        |           |
| Premium income  | -         |
| Claims paid and reinsurance                           | -         |
| Net operating expenses                                | (291,754) |
|   |           |
| Balance on the technical account for general business | (291,754) |
|   |           |
| Investment income                                     | 518,873   |
| Other income  | 230,957   |
|   |           |
| Profit before taxation                                | 458,076   |
|   |           |
| Profit for the year after taxation                    | 294,784   |
|   |           |
| <b>BALANCE SHEET</b>                                  |           |
| Fixed assets  | 3,350,702 |
| Net current assets                                    | 32,497    |
| Deferred taxation                                     | 164,342   |
|   |           |
| <b>NET ASSETS</b>                                     | 3,547,541 |
|   |           |
| <b>FUNDS</b>  |           |
| General reserve                                       | 3,547,541 |
|   |           |
|   | 3,547,541 |

# THE HOSPITAL SATURDAY FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

| 8. GRANTS                                       | Grants to<br>Institutions<br>£ | Grants to<br>Individuals<br>£ | Support<br>Costs<br>£ | 2021<br>Total<br>£ |
|---|--------------------------------|-------------------------------|-----------------------|--------------------|
| During the year the following grants were made: |                                |                               |                       |                    |
| Medical charities                               | 1,442,434                      | -                             | 178,157               | 1,620,591          |
| Hospitals and hospices                          | 223,566                        | -                             | 27,613                | 251,179            |
| Welfare grants to individuals                   | -                              | 123,968                       | 15,311                | 139,279            |
| Covid-19 fund grants                            | 11,382                         | -                             | 1,406                 | 12,788             |
| Other medical/welfare related organisations     | 10,000                         | -                             | 1,235                 | 11,235             |
|   | <u>1,687,382</u>               | <u>123,968</u>                | <u>223,722</u>        | <u>2,035,072</u>   |
|   |                                |                               |                       |                    |
|   | Grants to<br>Institutions<br>£ | Grants to<br>Individuals<br>£ | Support<br>Costs<br>£ | 2020<br>Total<br>£ |
| During 2020 the following grants were made:     |                                |                               |                       |                    |
| Medical charities                               | 847,830                        | -                             | (50,318)              | 797,512            |
| Hospitals and hospices                          | 112,678                        | -                             | (6,687)               | 105,991            |
| Welfare grants to individuals                   | -                              | 90,780                        | (5,388)               | 85,392             |
| Covid-19 fund grants                            | 207,696                        | -                             | (12,326)              | 195,370            |
| Other medical/welfare related organisations     | 74,418                         | -                             | (4,418)               | 70,000             |
|   | <u>1,242,622</u>               | <u>90,780</u>                 | <u>(79,137)</u>       | <u>1,254,265</u>   |

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

| 9. TANGIBLE FIXED ASSETS | Charity                    |               | Group                     |  |                  |
|--------------------------|----------------------------|---------------|---------------------------|--|------------------|
|                          | Computer<br>Equipment<br>£ | Total<br>£    | Freehold<br>property<br>£ | Furniture<br>Fixtures and<br>Fittings<br>£ | Total<br>£       |
| <b>COST OR VALUATION</b> |                            |               |                           |  |                  |
| At 1 January 2021        | 12,000                     | 12,000        | 4,995,000                 | 1,854,285                                  | 6,861,285        |
| Additions in year        | -                          | -             | -                         | 36,944                                     | 36,944           |
|                          | <u>12,000</u>              | <u>12,000</u> | <u>4,995,000</u>          | <u>1,891,229</u>                           | <u>6,898,229</u> |
| At 31 December 2021      | 12,000                     | 12,000        | 4,995,000                 | 1,891,229                                  | 6,898,229        |
| <b>DEPRECIATION</b>      |                            |               |                           |  |                  |
| At 1 January 2021        | 12,000                     | 12,000        | -                         | 1,632,547                                  | 1,644,547        |
| Charge for year          | -                          | -             | 99,900                    | 131,451                                    | 231,351          |
|                          | <u>12,000</u>              | <u>12,000</u> | <u>99,900</u>             | <u>1,763,998</u>                           | <u>1,875,898</u> |
| At 31 December 2021      | 12,000                     | 12,000        | 99,900                    | 1,763,998                                  | 1,875,898        |
| <b>NET BOOK VALUE</b>    |                            |               |                           |  |                  |
| At 31 December 2021      | -                          | -             | 4,895,100                 | 127,231                                    | 5,022,331        |
|                          | <u>-</u>                   | <u>-</u>      | <u>4,895,100</u>          | <u>127,231</u>                             | <u>5,022,331</u> |
| At 31 December 2020      | -                          | -             | 4,995,000                 | 221,738                                    | 5,216,738        |
|                          | <u>-</u>                   | <u>-</u>      | <u>4,995,000</u>          | <u>221,738</u>                             | <u>5,216,738</u> |

The Company owns a freehold property at 24 Upper Ground, London SE1 9PD which is used for the Company's own activities. The property was valued on 18 February 2021, the fair value of the property was £4,995,000 on an open market basis by an independent valuer, Egerton chartered surveyors. At the date of the revaluation, the directors believed the property had a useful economic life of at least 50 years. The directors have reassessed the valuation at 31 December 2021 which has confirmed no material change or impairment. The historical cost as of the 31 December 2021 was £822,500 (2020: £822,500).

**THE HOSPITAL SATURDAY FUND**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. INVESTMENTS**

|  | <b>2021</b>        |                      | <b>2020</b>        |                      |
|--|--------------------|----------------------|--------------------|----------------------|
|  | <b>Group<br/>£</b> | <b>Charity<br/>£</b> | <b>Group<br/>£</b> | <b>Charity<br/>£</b> |
| Market value at 1 January                            | 30,557,478         | 27,164,030           | 28,452,991         | 27,173,813           |
| Additions  | 8,864,918          | 7,602,044            | 8,349,813          | 4,728,737            |
| Disposals  | (7,248,412)        | (4,733,977)          | (7,525,952)        | (4,709,739)          |
| Unrealised gains                                     | 4,570,850          | 1,346,870            | 1,280,626          | (28,781)             |
| Market value at 31 December                          | 36,744,834         | 31,378,967           | 30,557,478         | 27,164,030           |
| Historical cost at 31 December                       | 33,215,313         | 29,752,822           | 27,947,778         | 26,653,156           |
| <b>At market value</b>                               |                    |                      |                    |                      |
| United Kingdom investments (listed)                  | 8,635,098          | 5,732,580            | 7,390,199          | 5,109,112            |
| Overseas investments (listed)                        | 18,439,977         | 4,592,785            | 14,998,957         | 4,082,520            |
| Bonds (listed)                                       | 5,604,208          | 1,271,863            | 5,160,518          | 1,401,350            |
| Other (listed)                                       | 3,528,769          | 755,892              | 2,445,547          | 705,472              |
| Cash Fund (unlisted)                                 | 536,782            | -                    | 562,257            | -                    |
| <b>At cost value</b>                                 |                    |                      |                    |                      |
| Investment in HSF health plan Limited (unlisted)     | -                  | 15,865,576           | -                  | 15,865,576           |
| Investment in HSF health plan (Malta) Ltd (unlisted) | -                  | 3,160,271            | -                  | -                    |
|  | 36,744,834         | 31,378,967           | 30,557,478         | 27,164,030           |

The investment in HSF health plan Limited represents the reserves of HSF health plan Limited at the point at which the ownership was donated to The Hospital Saturday Fund. The consolidated statement of financial activities includes unrealised gains of £4,570,850 and realised gains of £153,136

**11. DEBTORS**

|                                | <b>2021</b>        |                      | <b>2020</b>        |                      |
|--------------------------------|--------------------|----------------------|--------------------|----------------------|
|                                | <b>Group<br/>£</b> | <b>Charity<br/>£</b> | <b>Group<br/>£</b> | <b>Charity<br/>£</b> |
| Insurance operation debtors    | 1,478,686          | -                    | 1,574,595          | -                    |
| Other debtors                  | 673,523            | 331                  | 609,164            | 1,407                |
| Balance owed from subsidiaries | -                  | 1,077                | -                  | -                    |
| Prepayments and accrued income | 267,630            | 715                  | 227,147            | -                    |
|                                | 2,419,839          | 2,122                | 2,410,906          | 1,407                |

**12. CREDITORS: amounts falling due within one year**

|   | <b>Note</b> | <b>2021</b>        |                      | <b>2020</b>        |                      |
|---|-------------|--------------------|----------------------|--------------------|----------------------|
|   |             | <b>Group<br/>£</b> | <b>Charity<br/>£</b> | <b>Group<br/>£</b> | <b>Charity<br/>£</b> |
| Insurance operations provisions           | 13          | 4,264,593          | -                    | 3,564,733          | -                    |
| Trading operations creditors and accruals |             | 19,065             | -                    | -                  | -                    |
| Other creditors and accruals              |             | 576,971            | 9,764                | 839,443            | 19,724               |
| Taxes and social security                 |             | 17,766             | -                    | 82,886             | -                    |
|   |             | 4,878,395          | 9,764                | 4,487,062          | 19,724               |

**13. MOVEMENTS IN INSURANCE OPERATION PROVISIONS**

|   | <b>2021<br/>£</b> | <b>2020<br/>£</b> |
|---|-------------------|-------------------|
| Claims Provision  |                   |                   |
| Claims provision brought forward (including IBNR)                   | 2,548,346         | 2,505,701         |
| Payments during the year in respect of those provisions             | (2,499,627)       | (2,578,508)       |
| Adjustment to prior year's provision                                | (48,719)          | 72,807            |
| Movement in provision during the year                               | 3,284,353         | 2,548,346         |
| Net loss provision carried forward in respect of outstanding claims | 3,284,353         | 2,548,346         |

**THE HOSPITAL SATURDAY FUND**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**13. MOVEMENTS IN INSURANCE OPERATIONS PROVISIONS (continued)**

|   | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Unearned Premium Provision  |                  |                  |
| Unearned premium provision brought forward                            | 1,016,387        | 846,650          |
| Premiums during the year in respect of those provisions               | (1,016,387)      | (846,650)        |
| Movement in provision during the year                                 | 980,240          | 1,016,387        |
|   | <u>980,240</u>   | <u>1,016,387</u> |
| Net loss provision carried forward in respect of unearned premiums    | 980,240          | 1,016,387        |
|   | <u>980,240</u>   | <u>1,016,387</u> |
| Net loss provision carried forward in respect of insurance operations | 4,264,593        | 3,564,733        |
|   | <u>4,264,593</u> | <u>3,564,733</u> |

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

**14. DEFERRED TAXATION**

|                            | <b>Liability on<br/>Property revaluation</b> | <b>Short term<br/>Timing difference</b> | <b>Fixed asset -<br/>timing differences</b> | <b>Total</b>       |
|----------------------------|--|---|---|--------------------|
|                            | <b>£</b>                                     | <b>£</b>                                | <b>£</b>                                    | <b>£</b>           |
| At 1 January 2021          | (637,125)                                    | (751,822)                               | 21,393                                      | (1,367,554)        |
| Profit and loss account    | -  | (466,260)                               | 15,917                                      | (450,343)          |
| Other comprehensive income | (201,197)                                    | (1,050)                                 | -   | (202,247)          |
|                            | <u>(838,322)</u>                             | <u>(1,219,132)</u>                      | <u>37,310</u>                               | <u>(2,020,144)</u> |
| At 31 December 2021        | (838,322)                                    | (1,219,132)                             | 37,310                                      | (2,020,144)        |
|                            | <u>(838,322)</u>                             | <u>(1,219,132)</u>                      | <u>37,310</u>                               | <u>(2,020,144)</u> |
|                            | <b>Liability on<br/>property revaluation</b> | <b>Short term<br/>timing different</b>  | <b>Fixed asset -<br/>timing differences</b> | <b>Total</b>       |
|                            | <b>£</b>                                     | <b>£</b>                                | <b>£</b>                                    | <b>£</b>           |
| At 1 January 2020          | (145,910)                                    | (361,990)                               | 7,531                                       | (500,369)          |
| Profit and loss account    | -  | (389,832)                               | 13,862                                      | (375,970)          |
| Other comprehensive income | (491,215)                                    | -                                       | -   | (491,215)          |
|                            | <u>(637,125)</u>                             | <u>(751,822)</u>                        | <u>21,393</u>                               | <u>(1,367,554)</u> |
| At 31 December 2020        | (637,125)                                    | (751,822)                               | 21,393                                      | (1,367,554)        |
|                            | <u>(637,125)</u>                             | <u>(751,822)</u>                        | <u>21,393</u>                               | <u>(1,367,554)</u> |

Over the next 12 months it is expected that £1,054,790 of deferred tax liabilities in respect of short-term timing difference will reverse when the relevant gift aid donations are made to the parent charity. Reversal of deferred tax liabilities in respect of property revaluation is uncertain due to its dependency on prevailing market conditions.

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

|  | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Corporation tax (see below)                                | 450,342        | 375,970        |
| Movement on deferred tax provision on property revaluation | 201,198        | 491,215        |
|  | <u>651,540</u> | <u>867,185</u> |

The tax assessed for the year differs from the standard corporation tax rate in the UK of 19.00% (2020: 19.00%).

The differences are explained below:

|   |                |                |
|---|----------------|----------------|
| UK Profit on ordinary activities before tax                           | 4,853,824      | 7,628,598      |
| Corporation tax at the standard rate of 19.00% thereon (2020: 19.00%) | 922,227        | 1,449,434      |
| Effects of:   |                |                |
| Amounts not deductible for tax purposes                               | 1,892          | 4,225          |
| Fixed asset differences   | 16,875         | 9,500          |
| Dividend and distribution income                                      | (63,657)       | (67,732)       |
| Chargeable gains  | -              | 474,050        |
| Deferred tax (charged) directly to equity                             | (201,198)      | (491,215)      |
| Remeasurement of deferred tax for changes in tax rates                | 445,392        | 58,866         |
| Adjustment for profits gift aided to parent, charged to reserves      | (834,481)      | (1,061,158)    |
|   | <u>287,050</u> | <u>375,970</u> |
| UK Corporation tax on profit on ordinary activities                   | 287,050        | 375,970        |

# THE HOSPITAL SATURDAY FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 14. DEFERRED TAXATION (continued)

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| The tax assessed for the year differs from the standard corporation tax rate in the Malta of 35.00% (2020: 35.00%).<br>The differences are explained below: |           |           |
| UK Profit on ordinary activities before tax   | 458,076   | -         |
| Malta Corporation tax at the standard rate of 35.00% thereon (2020: 35.00%)   | 160,327   | -         |
| Effects of:   |           |           |
| Amounts not deductible for tax purposes   | 7,243     | -         |
| Dividend and distribution income  | 1,597     | -         |
| Unrealised gains on bonds   | (4,825)   | -         |
| Tax refundable  | (1,050)   | -         |
| Malta Corporation tax on profit on ordinary activities  | 163,292   | -         |
| UK Corporation tax on profit on ordinary activities   | 287,050   | 375,970   |
| Malta Corporation tax on profit on ordinary activities  | 163,292   | -         |
| Corporation tax on profit on ordinary activities  | 450,342   | 375,970   |

#### 15. GOVERNMENT GRANTS

|                                  | 2021<br>£ | 2020<br>£ |
|----------------------------------|-----------|-----------|
| Coronavirus Job Retention Scheme | 16,264    | 235,222   |
|                                  | 16,264    | 235,222   |

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

#### 16. MOVEMENT ON FUNDS

|                             | At 1<br>January<br>2021<br>£ | Movement in funds<br>Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Gains on<br>Investments/<br>Property<br>£ | Transfers<br>£ | Balance at<br>31 December<br>2021<br>£ |
|-----------------------------|------------------------------|---|----------------------------|---|----------------|--|
| <b>Unrestricted funds</b>   |                              |   |                            |   |                |  |
| General funds               | 1,148,418                    | 422,059   | (2,035,523)                | -   | 1,811,350      | 1,346,304                              |
| Trading funds               | 24,151,135                   | 30,628,787                                      | (29,275,117)               | 3,211,525                                 | (1,250,426)    | 27,465,904                             |
|                             | 25,299,553                   | 31,050,846                                      | (31,310,640)               | 3,211,525                                 | 560,924        | 28,812,208                             |
| <b>Expendable Endowment</b> | 18,053,750                   | -   | (117,658)                  | 1,512,462                                 | (560,924)      | 18,887,630                             |
| <b>Total funds</b>          | 43,353,303                   | 31,050,846                                      | (31,428,298)               | 4,723,987                                 | -              | 47,699,838                             |

|                             | At 1<br>January<br>2020<br>£ | Movement in funds<br>Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Gains on<br>Investments/<br>Property<br>£ | Transfers<br>£ | Balance at<br>31 December<br>2020<br>£ |
|-----------------------------|------------------------------|---|----------------------------|---|----------------|--|
| <b>Unrestricted funds</b>   |                              |   |                            |   |                |  |
| General funds               | 816,988                      | 260,313   | (1,262,285)                | -   | 1,333,402      | 1,148,418                              |
| Trading funds               | 20,319,669                   | 31,671,640                                      | (26,200,688)               | 3,955,316                                 | (5,594,802)    | 24,151,135                             |
|                             | 21,136,657                   | 31,931,953                                      | (27,462,973)               | 3,955,316                                 | (4,261,400)    | 25,299,553                             |
| <b>Expendable Endowment</b> | 13,860,266                   | -   | (88,956)                   | 21,040                                    | 4,261,400      | 18,053,750                             |
| <b>Total funds</b>          | 34,996,923                   | 31,931,953                                      | (27,551,929)               | 3,976,356                                 | -              | 43,353,303                             |

# THE HOSPITAL SATURDAY FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 16. MOVEMENT ON FUNDS (continued)

##### Expendable endowment fund

The principal purpose of the expendable endowment fund is to provide a capital base from which income is earned to finance the grant making activities. The Trustees have the powers to approve expenditure from the expendable endowment capital in certain circumstances however these are likely to be limited to grant making activity where unrestricted reserves are known to be insufficient to meet the cost of particular grants specifically approved by the Trustees. Transfer of funds represents the gift aid donation from trading subsidiaries to The Hospital Saturday Fund and the drawdown of expendable endowment to fund grants awarded in the year. The Reserves Policy is to maintain the Expendable Endowment at a level no less than £5m and no greater than £22m. The Trustees are aware a large gift aid donation was received in 2020 and are expecting a large gift aid donation from 2021 which is due to the exceptional circumstances that have resulted from the Covid-19 pandemic. However, given we are forecasting that the long lasting effect of the pandemic will likely result in quite low gift-aid donations over the next three years, also as the largest of the three trading subsidiaries has committed to upgrading its Policyholder Database to improve the level of service provided to its customers, the Trustees are not expecting a large increase in the grant making as a result of the 2021 gift aid. Therefore, this will be used to fund the next three years' grant making.

##### Trading fund

The principal purpose of the trading fund is to generate and provide income to the charity through its trading subsidiaries activities. The fund represents the current balance sheet value of HSF health plan Limited and The Hospital Saturday Fund.

#### 17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

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

| Fund balances at 31 December 2020<br>are represented by | Total<br>Funds<br>£ | Unrestricted funds   |                      |                              |
|---|---------------------|----------------------|----------------------|------------------------------|
|   |                     | General<br>Fund<br>£ | Trading<br>Fund<br>£ | Expendable<br>Endowment<br>£ |
| Tangible fixed assets                                   | 5,216,738           | -                    | 5,216,738            | -                            |
| Investments   | 30,557,478          | -                    | 19,259,024           | 11,298,454                   |
| Cash at bank and in hand                                | 11,022,798          | 1,166,735            | 3,100,767            | 6,755,296                    |
| Net assets  | (2,076,157)         | (18,317)             | (2,057,840)          | -                            |
| Deferred tax  | (1,367,554)         | -                    | (1,367,554)          | -                            |
| <b>Total Net Assets</b>                                 | <b>43,353,303</b>   | <b>1,148,418</b>     | <b>24,151,135</b>    | <b>18,053,750</b>            |

The Trading and Total Funds includes non-distributable reserves of £4,219,157 (2020: £4,020,027) due to inclusion of the revaluation reserve inclusion.

#### 18. PENSION COSTS

The trading subsidiary, as the employer in the group, makes contributions to group personal pension plans. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable for the year by the trading subsidiary to the personal pension plans and amounted to £429,926 (2020: £483,270).

At the balance sheet date, there were outstanding contributions of £Nil (2020: £63,069)



## THE HOSPITAL SATURDAY FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19. OPERATING LEASE COMMITMENTS

At 31 December 2021, the Group had annual commitments under operating leases which expire as follows:

|  | 2021                  |               | 2020                  |                |
|--|-----------------------|---------------|-----------------------|----------------|
|  | Land and<br>Buildings | Other         | Land and<br>Buildings | Other          |
|  | £                     | £             | £                     | £              |
| Within one year                        | 24,844                | 63,641        | 4,141                 | 81,206         |
| In the second to fifth years inclusive | 53,828                | 16,970        | -                     | 61,413         |
|  | <u>78,672</u>         | <u>80,611</u> | <u>4,141</u>          | <u>142,619</u> |

#### 20. CONTINGENT LIABILITIES

No provision has been made for any levy which the trading subsidiary, HSF health plan Ltd may be called upon to pay under the provisions of the Policyholders Protection Act 1975. The maximum amount of any such levy in respect of the current financial year would be £311,277 (2020: £311,778).

#### 21. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS

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

##### Market Risk

##### Key Risks

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

##### Controls

To minimise risk and secure long term growth and inflation protection a diversified spread of assets in the form of property, equities, fixed interest securities, pooled funds and bank deposits are held currently using two fund managers, three banks, the High Court of Ireland and HSF itself. No derivatives, options, or stock loans are underwritten or directly held, although some pooled/hedge funds will have some exposure.

##### Risk Appetite

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

##### Underwriting Risk

##### Key Risks

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

##### Controls

The short-tailed nature of its liabilities offer a predictable and stable book of reserves which render a risk profile commensurate with its risk appetite. The main driver of HSF health plan's Underwriting risk is the exposure to catastrophe risk. HSF health plan has robust underwriting controls to mitigate its exposure under catastrophe risk and align it to its risk appetite and strategic business plan. Re-Insurance was used to remove all risks associated with the personal accident as a third party underwrites this while this was insured by a third party. This remained in place until the 31 January 2021, after this date the underwriting of the personal accident was brought inhouse to the company.

##### Risk Appetite

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

##### Counterparty Default Risk

##### Risk Capital

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

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

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

**Controls**

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

**Risk Appetite**

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

**Operational Risk**

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

**Sensitivity****Assumptions and sensitivities**

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

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

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

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

|  | <b>Profit/Loss before tax</b> |             | <b>Accumulated Fund</b> |             |
|--|-------------------------------|-------------|-------------------------|-------------|
|  | <b>2021</b>                   | <b>2020</b> | <b>2021</b>             | <b>2020</b> |
|  | <b>£</b>                      | <b>£</b>    | <b>£</b>                | <b>£</b>    |
| Before sensitivities                         | 4,853,823                     | 7,628,598   | 24,103,765              | 24,130,193  |
| Reduction in business volumes by 15%         | 334,672                       | 2,951,935   | 19,584,614              | 19,453,530  |
| Reduction in investment market values by 25% | (1,630,205)                   | 1,565,092   | 17,619,737              | 18,066,688  |

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

**21. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS (continued)****Insurance Risk**

HSF's policy is to offer no insurance policy or renewal options beyond a month or two, and to manage the benefit/contributions levels to achieve over the long term a small surplus of contributions over claims and business costs. The Company has a risk associated with the claims technical provision which is calculated based on the requirement for claims to be submitted within 6 months of the date of treatment, by using two previous year's figures analysis to produce a trend and utilise this trend to calculate the current year's provisions. In 2021 there has also been an inclusion in the claims technical provisions for the Personal Accident claims following this coming in-house in February 2021. Due to this being a new area of business for the company and also due to the larger value differences between claims the provision has utilised 4 years of historical data to generate a weighted average which is then multiplied by the number of open claims at the period end with a further inclusion of an additional value for claims which have been incurred but not received.

**Concentration**

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

|                         | Gross claims |            |
|-------------------------|--------------|------------|
|                         | 2021         | 2020       |
|                         | £            | £          |
| <b>Direct Insurance</b> | 21,414,784   | 18,220,179 |
|                         | 21,414,784   | 18,220,179 |

**22. FINANCIAL RISK MANAGEMENT****Liquidity Risk – HSF health plan Limited only**

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

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

| 2021                        | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total     |
|-----------------------------|-------------------|------------|--------------------|-----------|----------|-----------|
|                             | £                 | £          | £                  | £         | £        | £         |
| Trade and other liabilities | -                 | -          | 608,649            | -         | -        | 608,649   |
| Outstanding claims          | 1,240,455         | 1,352,162  | 691,736            | -         | -        | 3,284,353 |
|                             | 1,240,455         | 1,352,162  | 1,300,385          | -         | -        | 3,893,002 |
| 2020                        | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total     |
|                             | £                 | £          | £                  | £         | £        | £         |
| Trade and other liabilities | -                 | -          | 880,475            | -         | -        | 880,475   |
| Outstanding claims          | 1,318,552         | 883,510    | 346,284            | -         | -        | 2,548,346 |
|                             | 1,318,552         | 883,510    | 1,226,759          | -         | -        | 3,428,821 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

**22. FINANCIAL RISK MANAGEMENT (continued)****Credit Risk – HSF health plan Limited only**

The objective of the Company is managing its credit risk exposure is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage credit risk and methods to measure it. The Company's maximum exposure to credit risk for insurance receivables would be 15% of net premiums earned, £4,500,942 (2020: £4,417,423).

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

| Credit Risk as at 31 December 2021 | Neither past due nor impaired | Past due less than 30 Days | Past due 31 to 60 days | Past due 61 to 90 days | Past due more than 90 days | Total     |
|------------------------------------|-------------------------------|----------------------------|------------------------|------------------------|----------------------------|-----------|
|                                    | £                             | £                          | £                      | £                      | £                          | £         |
| Insurance receivables              | -                             | 1,155,723                  | 322,963                | -                      | -                          | 1,478,686 |
|                                    | -                             | 1,155,723                  | 322,963                | -                      | -                          | 1,478,686 |
|                                    |                               |                            |                        |                        |                            |           |
| Credit Risk as at 31 December 2020 | Neither past due nor impaired | Past due less than 30 Days | Past due 31 to 60 days | Past due 61 to 90 days | Past due more than 90 days | Total     |
|                                    | £                             | £                          | £                      | £                      | £                          | £         |
| Insurance receivables              | -                             | 1,310,418                  | 264,177                | -                      | -                          | 1,574,595 |
|                                    | -                             | 1,310,418                  | 264,177                | -                      | -                          | 1,574,595 |
|                                    |                               |                            |                        |                        |                            |           |

**Market Risk – HSF health plan Limited only**

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

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

|                      | 2021<br>£ | 2020<br>£ |
|----------------------|-----------|-----------|
| 0.5% increase        |           |           |
| Movement in bonds    | 18,721    | 18,796    |
| Movement in equities | 73,730    | 65,988    |
|                      |           |           |
| 0.5% decrease        |           |           |
| Movement in bonds    | (18,721)  | (18,796)  |
| Movement in equities | (73,730)  | (65,988)  |

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

**22. FINANCIAL RISK MANAGEMENT (continued)****Fair Value****i. Financial instruments carried at fair value**

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

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

|                       | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>The Company</b> |
|-----------------------|----------------|----------------|----------------|--------------------|
|                       | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>Total</b>       |
|                       |                |                |                | <b>£</b>           |
| Financial instruments | 39,504,119     | -              | -              | 39,504,119         |

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

**23. CAPITAL MANAGEMENT**

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

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

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

|                                       | <b>2021</b> | <b>2020</b> |
|---------------------------------------|-------------|-------------|
|                                       | <b>£</b>    | <b>£</b>    |
| Statutory minimum capital requirement | 3,137,677   | 2,626,250   |
| Total available capital resources     | 24,592,013  | 24,130,193  |
| Solvency Cover %                      | 784%        | 919%        |

## THE HOSPITAL SATURDAY FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 24. RELATED PARTY TRANSACTIONS

No trustee or other person related to the charity had any personal interest in any contract or transaction entered by the charity during the year (2020: £Nil).

The charity received Gift Aid donations during the year from its trading subsidiaries totalling £4,392,316 (2020: £5,594,802).

There is a debtor's balance of £55,071 (2020: £Nil) owed from the company's sister company HSF health plan (Malta) Ltd in relation to services provided during the year.

Also there is a creditor's balance of £4,976 (2020: £Nil) owed to the parent charity the Hospital Saturday Fund in relation to fees paid on behalf of the company.

#### 25. GOVERNMENT GRANTS

The company received government grants totalling £16,264 in the year (2020: £235,222) from the Coronavirus Job Retention Scheme. There are no unfulfilled conditions or other contingencies attaching to the grants received from government sources.

#### 26. POST BALANCE SHEET EVENTS

In February 2022 the charity begun the switch of investment managers from UBS to Abrdn Capital Limited. The transfer was an in-species transfer which was approved by the Board of Trustees in late 2021 following a rigorous tender process with majority of the funds being transferred over in February 2022 with the remaining items due to be transferred over in the month of March 2022.