

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023



Paul Jackson, Group Chief Executive, The Hospital Saturday Fund, Lesley Garrett, HSF Patron, Graham Norton, celebrity supporter of Bantry Hospice, presenting €20,000 to Damian Moloney, Bantry Hospice towards their palliative care service, at the Embassy of Ireland 150th Anniversary Reception with John Greenwood, Chair, The Hospital Saturday Fund and Ambassador Martin Fraser, Embassy of Ireland.

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 2023

| CONTENTS | Page |
|--|-------------|
| Officers and Advisers | 1 |
| Report of the Board of Trustees | 2 - 13 |
| Independent Auditors' Report | 14 - 20 |
| Consolidated Income Statement | 21 |
| Consolidated Statement of Financial Activities | 22 |
| Group and Charity Balance Sheets | 23 |
| Group Statement of Cash Flows | 24 |
| Notes to the Financial Statements | 25 - 44 |

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2023

OFFICERS AND ADVISERS

| | |
|------------------------------|--|
| <i>Chair</i> | Mr J Greenwood |
| <i>Vice Chair</i> | Mrs J L Dalton LLB (Hons) |
| <i>Other Trustees</i> | Mr M Davies Mr D.Fox Mr C Healy Mr J Randel Mrs M Rogers Mr D Thomas |
| <i>Group Chief Executive</i> | Mr P W Jackson MSc BA (Hons) DChA |
| <i>Company Secretary</i> | Mrs Pauline Jones CertPFS |
| <i>Patron</i> | Ms L Garrett CBE FRAM |
| <i>Principal Bankers</i> | HSBC Bank Plc, London Commercial Banking Centre, Level 6, 71 Queen Victoria Street, London, WC2R 1DJ |
| <i>Solicitors</i> | Armstrong Teasdale 38-43 Lincoln's Inn Fields, London, WC2A 3PA |
| <i>Independent Auditors</i> | MHA 6 th Floor, 2 London Wall Place London EC2Y 5AU |
| <i>Investment Managers</i> | LGT Wealth Management UK LLP 14 Cornhill London EC3V 3NR |
| <i>Registered Office</i> | 24 Upper Ground LONDON SE1 9PD Telephone: 020 7202 1365 Fax: 020 7928 0446 Email: charity@hsf.eu.com |

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES

YEAR ENDED 31 DECEMBER 2023

The Board of Trustees is pleased to present the 16th 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 2023.

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 2023, HSF processed 609 applications on behalf of individuals and, after careful assessment by the Grant Making Committee, 498 were awarded a grant making a total of £391,282 (2022: £343,953) for the year. A further total of £1,851,335 (2022: £1,758,170) was awarded to 529 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
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

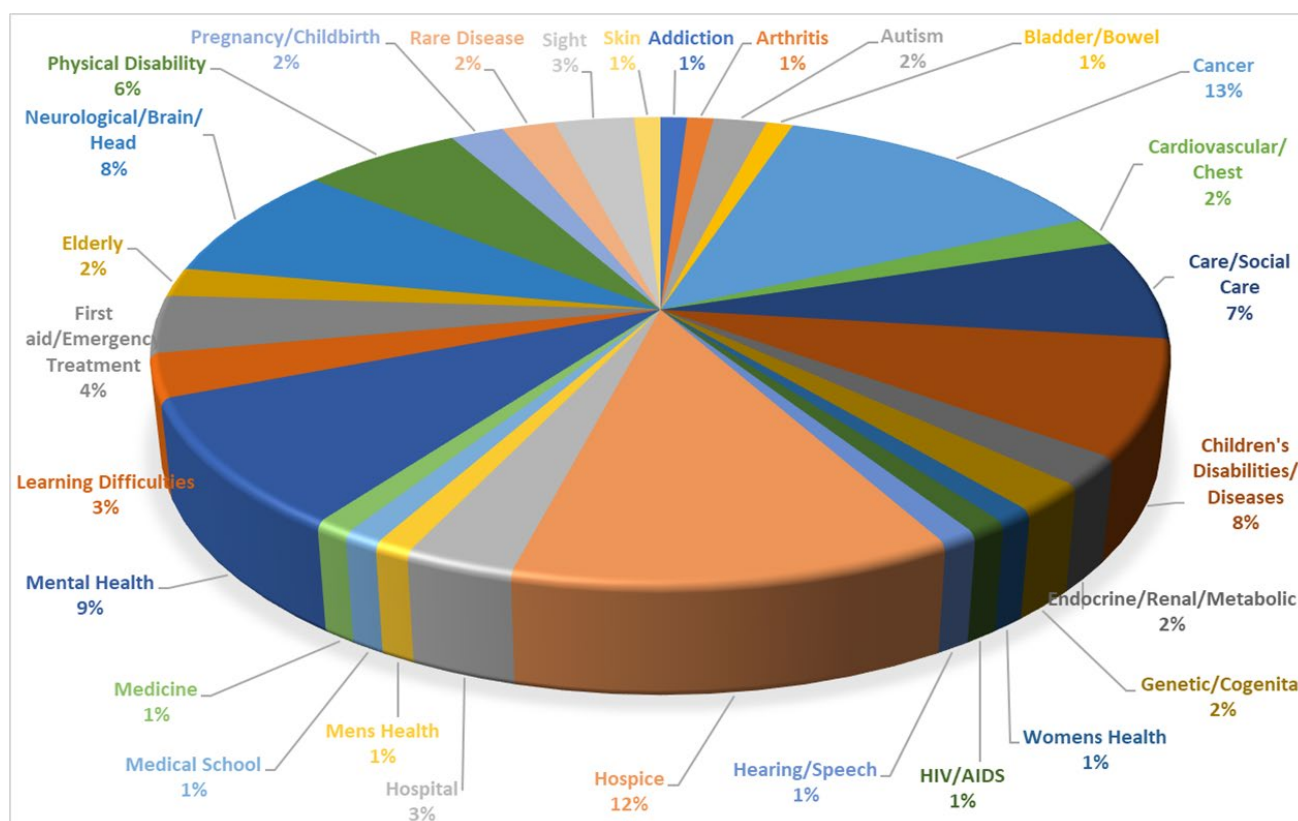
Annual Receptions

The Board endeavours to hold a Reception each year in order to present grants in person to representatives of medical charities, hospices and hospitals. The year 2023 was a very special year for the Hospital Saturday Fund as it was our 150th Anniversary. To celebrate this special occasion the Trustees held two charitable receptions in 2023.

A reception was held at the Mansion House in Dublin on 23 February 2023. A total of €136,000 was donated on that evening to Twenty-eight charities based in Ireland. The event was hosted by Caroline Conroy, the Lord Mayor of Dublin, Vice-President of The Hospital Saturday Fund, who attended the reception and presented the grants.

The Trustees also held a very special anniversary event at the Embassy of Ireland in London on 6th June 2023. A total of £160,000 was donated on that evening to 31 charities from the United Kingdom and Ireland. Martin Fraser, Irish Ambassador to Britain, attended the reception and presented the grants. It was a very special evening for the Trustees and the Charity as Mr Graham Norton and Ms Lesley Garrett, our Patron attended the Reception and assisted the Ambassador in presenting the charity grants. Mr Norton is a celebrity supporter of the Bantry Hospice Association, which received a grant for €20,000 on the night.

The following pie chart shows grants awarded by type of charity for the year ended 31 December 2023



The vast majority of grants awarded were for £2,000 (or €3,000), with 24 lesser donations being made. During 2023, 130 higher grants ranging between £2,000 and £10,000 (or €3,000 and €13,500) were awarded to charities where a specific need was deemed by the Committee to warrant a larger award.

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

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

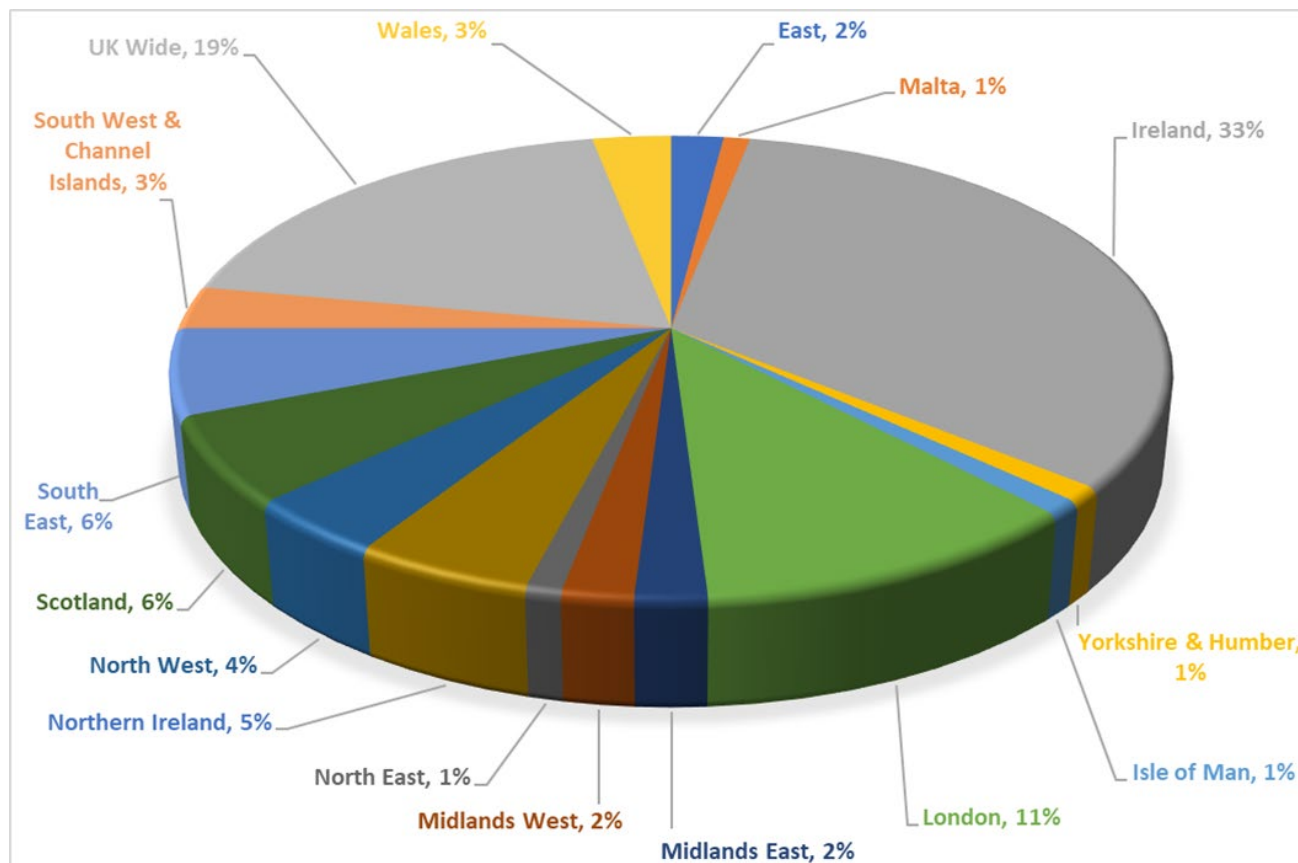
THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

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 2023.



Organisations receiving grants ranged from DEBRA, Charlton Athletic Community Trust, Hospice Isle of Man, Cardiac Risk in the Young in Ireland, Midlands Air Ambulance Charity, Meath Epilepsy Charity, Dublin Wicklow Mountain Rescue Team, Caring Breaks NI, Treloar's, Cure Leukaemia, Siel Bleu Ireland, Swansea University (Medical School), Spina Bifida Hydrocephalus Scotland, Ty Hafan Children's Hospice, Prostate Cancer Research, Richmond Foundation, Kids Together Belfast, Breakthrough Cancer Research, Heel and Toe Children's Charity, North East Sensory Services (NESS), Muscular Dystrophy Ireland, Cheshire Ireland, St. Gabriel's Foundation, Rainbows Hospice for Children and Young People, Medical Detection Dogs, LauraLynn, Ireland's Children's Hospice, HealthBus Trust.

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

Fund Raising

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

Evaluation process

In meeting the Charities Act requirement to demonstrate public benefit through the grant making process, Trustees consider not only the recipient charities and their applications but also the impact the past awards have had. As such, the Trustees ensure that feedback from recipients is obtained where possible and reviewed for evidence of the grant being used for its correct purpose. In fact, the Trustees commissioned an independent review of the Charity's grant making process. The review was carried out by a MSc Student from Centre for Charity Effectiveness, Bayes Business School, City University of London. The review was extremely positive, and the Trustees discussed the report's recommendations at their Board meeting on 21 March 2023. This review forms part of a series of reviews which have been carried out over the past few years on this area.

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

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 2023 refer to:

- A new Gbox scanner for visualising protein levels in cell and tissue sample (University of Plymouth)
- To help fund a PhD research project to find a new treatment for osteosarcoma (Bone Cancer Research Trust)
- To provide a lift to increase capacity of IWA Dundalk Life Skills Programme (Irish Wheelchair Association)
- A dedicated electric car for the Hospice at Home team (Hospice Isle of Man)
- Providing non-surgical hair restoration for severe burn survivors (Katie Piper Foundation)
- To fund activities for residents with profound disabilities (Martha Trust)
- A hydrotherapy pool replacement hoist for children with disabilities (St. Gabriel's Foundation)
- Providing vital mobility equipment and clinical support to young wheelchair users across the UK (Whizz-Kidz)
- Medical Electives for undergraduate medical students (Trinity College Dublin School of Medicine)
- Therapeutic equipment for residents with medical & physical impairments (Richmond Foundation Malta)
- Towards smart upgrades to MDI's Home from Home Apartment (Muscular Dystrophy Ireland)
- A grant towards an Electric Response Vehicle (HealthBus Trust)
- To help fund a PhD research project to find a new treatment for osteosarcoma (Bone Cancer Research Trust)
- Enhancing mental health and well-being of homeless children and young people (Good Shepherd Cork)
- Funding towards an emergency 'Back up' generator (Epilepsy Society)
- A grant towards Surgical Training Equipment (Midlands Air Ambulance Charity)
- Funding towards a national Type 1 Diabetes adolescent weekend camp (Diabetes Ireland)
- To help fund new mattresses for Michael Sobell House's InPatient Unit (Harlington Hospice)
- A grant towards cardiac screening for young people (Cardiac Risk in the Young- CRY)
- Installation of a lift to increase the capacity of Dundalk Life Skills Programme (Irish Wheelchair Association)
- A grant towards an all-terrain power assist wheelchair (Mae Murray Foundation)
- To help fund life-saving kits and equipment for volunteer medic responders. (Irish Community Rapid Response)

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:

Horatio's Garden

Horatio's Garden Northern Ireland is now open in the heart of the Spinal Cord Injuries Unit at Musgrave Park Hospital in Belfast. This peaceful sanctuary will serve around 70 inpatients and 1200 outpatients with spinal injuries annually from across Northern Ireland, a catchment area of 1.9 million people.

We look forward to seeing people flourish alongside the garden as we establish a community of patients, staff and volunteers in Horatio's Garden Northern Ireland. We are so grateful to The Hospital Saturday Fund for the generous support of Horatio's Garden Northern Ireland. Thank you.

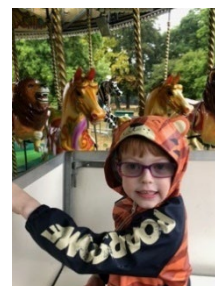


The Carers' Centre

Thanks to funding from The Hospital Saturday Fund, we were able to run 7 events for unpaid carers in rural areas around B&NES in partnership with local Primary Care Networks. These events attracted over 200 attendees, including adult carers, young carers, and their wider families. As part of the events, over 72 health checks were delivered, enabling healthcare professionals to help these unpaid carers manage their own health and care better, for longer.

The Pepper Foundation

We are extremely grateful to the Trustees of The Hospital Saturday Fund for their wonderful donation of £2,000 in June 2023. Thanks to The Hospital Saturday Fund's generosity, children with life-limiting and life-threatening conditions in Buckinghamshire and Hertfordshire are being cared for in the comfort of their own homes, surrounded by the people and things they love. Thank you for helping to provide the best quality of life for very sick children.



PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Blood Bike Leinster

On behalf of Blood Bike Leinster, I extend our heartfelt gratitude for your generous donation of €3000.00 to our organisation. Your support is invaluable and plays a crucial role in our mission to provide a vital service to the community. Thanks to the generous contribution from HSF, we have been able to maintain and operate our fleet of vehicles effectively. The impact of your donation goes beyond the monetary value; it directly translates into the countless lives we touch through our services.



Berkshire Vision

With this generous grant from The Hospital Saturday Fund, we have been able to keep our peer support groups running for another year. We offer a range of groups, such as for those living with Charles Bonnet Syndrome, or for members who experience dual sensory loss, or for people who have a caring responsibility for someone with sight impairment. We host both face-to-face and remote events so that anyone can join in. We've also started introducing a peer-to-peer group element in our Living Well With Sight Loss courses. Over the last 12 months we have hosted over 30 group events which have been well attended.

Spina Bifida Hydrocephalus Ireland (SBHI)

Thank you once again for donating €4,000 to SBHI this year. The money was spent on an activity/adventure weekend for our teens who are living with spina bifida and/or hydrocephalus. Activities included team games, climbing wall, quiz, escape room, water sports, combat corps, swimming, movie night and archery. It was great to see everyone having fun over the weekend and participants making lasting connections.

Thank you so much to The Hospital Saturday Fund for making the break possible!



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



Car Adaptations: Hand Controls, Indicator Switch, Steering Ball

I am so grateful for the help I was given as I was sitting at home alone a lot of the time as I could not safely drive without my car being adapted. I now have some of my independence back and I am able to travel when I decide. I have been able to meet with friends and travel when I need to. Which I wasn't able to do before, I would have just sat home alone, before I was supported to get the adaptations to my car. Life-changing for me. Thank you for your support.
Individual Grant Recipient

Grant for a Mobility Scooter

Many thanks to you, your team, and the funders for helping me purchase my new mobility scooter. I received it yesterday and am so happy with the scooter. It's going to be a huge help to me in the future thanks so much for all your help.

Individual Grant Recipient



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

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)

Laptop with inbuilt accessibility features

Many thanks to the Hospital Saturday Fund for supplying the new laptop. It means I can access online art classes facilitated by Spinal Injuries Ireland. I can work from the comfort of my own home and connect with other service users. It's been invaluable to me and to my overall well-being.

Individual Grant Recipient

All-terrain Wheelchair

Eden got her amazing wheelchair today. Unfortunately, it was dark out so only a quick try this evening. She absolutely loves it. And can't wait to go for a proper walk at the weekend. Thank you so much for all the work and time you have put into getting this for her.

Parent of Individual Grant Recipient



Smart Transfer Person Lift – Auto Lift

I would like to thank you once again for awarding us this grant. I have spoken with my clients and Wellbeing Co-ordinator. Supporter for the Individual

BrailleNote Touch Plus (portable electronic braille note-taker based on an android tablet)

Please accept our sincere Thank You for this support on behalf of Ashleigh and her family.

Senior Social Worker, Supporter for the Individual

Grant for a Folding Mobility Scooter

Many thanks to you, your team, and the funders for helping me purchase my new mobility scooter. I received it yesterday and am so happy with the scooter. It's going to be a huge help to me in the future, thanks so much for all your help.

Individual Grant Recipient

Sing Your Pain Away

I am delighted to receive your letter of confirmation for a grant supplied to Sing Your Pain Away for Sheila, to supply her with one year of community singing classes to help with her long-term condition and increase her wellbeing.

Social Prescriber, Supporter for the Individual



Mobility Scooter

Michael is over the moon with his scooter aptly named 'Rascal' and it has made such a difference to his life being able to independently get out and go visiting. Thanks again for your kind help.

Social Prescriber, Supporter for the Individual

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

PRINCIPAL ACTIVITIES AND ACHIEVEMENTS IN THE YEAR (continued)



Twenty-eight Irish Charities receiving grants at the Dublin Reception, held at the Mansion House, €136,000 was donated to the medical charities and organisations. Lord Mayor of Dublin Caroline Conroy hosted the reception and presented the grants.

FINANCIAL REVIEW

State of affairs

The Group Statement of Financial Activities for the year is set out on page 22 and shows net outgoing resources before investment gains and losses for the year of £2,640,466, (2022 incoming resources of £2,933,910). Net movement in funds for the year amounted to gains of £287,619, after investment gains of £3,308,511 resulted in a net asset position as at 31 December 2023 of £45,931,384 (2022: £45,643,764). Of these funds, £25,458,256 (2022: £24,539,265) is represented by the net assets of the trading subsidiary.

The trading company HSF health plan Ltd's total profit for the year was £638,446 (2022: £1,208,420). Total premiums (less Insurance Premium Tax) for the year were £30,565,249. Benefits payable (including Personal Accident premiums and helplines) for the year were £24,030,600 and represented 78.6% of premium income. The Directors consider the overall state of affairs to be satisfactory.

The trading company HSF Assist Ltd's total profit for the year was £32,609 (2022: £10,228). Total income for the year was £53,097 (2022: £37,250). The Directors consider the overall state of affairs to be satisfactory.

For the charity alone, total income for the year amounted to £1,582,809 (2022: £2,886,831) including gift aid from the subsidiary companies of £10,228 (2022: £4,211,504). Grants totalling £2,415,657 (2021: £2,161,478) 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 decreased by £1,374,354 to £17,843,170.

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.

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

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 £25m, this is to ensure a prudent approach to the risks faced by the Charity and also to ensure the continued level of the Charity's grant-making. This approach has been put in place by the Trustees to avoid the situation where its annual grant-making is reduced or ceases, if the Charity fails to receive a Gift Aid donation from its Trading Subsidiary for a number of years. The Trustees have the powers to approve expenditure from the expendable endowment capital in certain circumstances; however, these are likely to be limited to grant making activity where unrestricted reserves are known to be insufficient to meet the cost of particular grants specifically approved by the Trustees. The charity received large gift aid donations in 2021 & 2022 for the profits made by the trading subsidiary HSF health plan Ltd in the trading years of 2020 & 2021, which was due to the exceptional circumstances that have resulted from the Covid-19 pandemic. However, given we are forecasting that the long-lasting effect of the pandemic and also now the effect of the current inflation situation will likely result in quite low gift-aid donations over the next three years, also as the two largest of the three trading subsidiaries have committed to upgrading its Policyholder Database to improve the level of service provided to their customers, the Trustees are not expecting a large increase in the grant making as a result of the 2020 and 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 £2,629,958. Although this is a small increase in the level compared with last year of £1,886,977, 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 2023 Board meeting.

The trading subsidiary HSF health plan Ltd holds reserves of £21,766,331 (2022: £21,127,885) and the trading subsidiary HSF health plan (Malta) Ltd holds reserves of £3,164,898 (2022: £3,366,689). The trading subsidiaries requires reserves of this level to meet its Solvency II requirements as an insurance provider.

Principal Risks and Risk Assessment

The Board of The Hospital Saturday Fund regularly assesses the risks to which the Charity is exposed. It agrees how best these risks may be mitigated and the Charity 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 HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

Principal Risks and Risk Assessment (continued)

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

Solvency II

The Solvency II regime, which came into effect on 1 January 2016, has continued throughout 2022. The most significant requirement under Solvency II is the submission to the Prudential Regulatory Authority (PRA) on a regular basis (usually annually) of the Own Risks and Solvency Assessment (ORSA), following approval of the Board. The ORSA was approved at the Board meeting in September 2023 and was subsequently submitted to the PRA. The Board will continue to monitor this activity and ensure the company continues to satisfy their solvency requirements.

Investments & Investment Policy

Under the Memorandum and Articles of Association, the Trustees of the Charitable Company have the power to make any investments which the Trustees see fit. On 25 November 2021 the Board appointed Abrdn Capital Limited as Investment Managers, who replaced UBS AG. Although Abrdn Capital Limited were appointed in November 2021 the transfer of investments didn't take place until after the year end, with this switch taking place in January 2022. Abrdn Capital Limited have since been takeover by LGT Wealth Management, with this takeover being completed in September 2023.

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 £3,168,653 on the investments held. Both the Trading Company's & Charitable Company's Investment Policies are reviewed annually by the Charitable Company's Investment Committee.

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

The Charitable Company's investment performance in the year under performed the benchmark by 2.7% with the portfolio performance figure of 9.7% against a benchmark of 12.4%. The investment policy adopted by the Charitable Company is a long-term policy which covers a 10 year time horizon but due to the investment policy switch to Abrdn which took place In January 2022 we are only able to measure the performance since the inception of the portfolio with Abrdn.

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

Remuneration policy

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

Post Brexit – Third country branch

To maintain our long-standing provision of service in the Republic of Ireland (ROI), since 1949. the Board of Directors and Senior Leadership Team, in consultation with their advisors, liaised closely with the Central Bank of Ireland (CBI) to continue trading in ROI following the conclusion of the transition period on 31st January 2020. On the 4th of January 2021 the CBI issued the company with a letter and certificate of authorisation confirming the company's status in Ireland as a Branch in the state of a Third Country Insurance Undertaking. The company has operated under these new regulatory arrangements throughout 2023.

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

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.

Board Responsibilities (including section 172 statement)

The Board are aware of their responsibilities under Companies Act 2006 Section 172, which confirms that the directors must act in the way they consider to be in utmost good faith, and would be most likely to promote the success of the company for the benefit of its Policyholders. They have considered this in light of its particular structure and relationships by having regard (amongst other matters) to the likely long term consequences of any Board decision, acting in the interests of the company's employees, and the need to foster the company's business relationships with suppliers, customers and other key stakeholders. The impact of the company's operations and business activity on the community and the environment, should ensure that the company continues to maintain a strong reputation for high standards of business conduct, noting that the company primarily seeks to generate funds for its parent charity to be applied to its charitable purposes. Relevant aspects of this are noted elsewhere in this report

Grant Making Committee, Policies and Procedures

The Committee meets every quarter and reports directly to the Board. In addition to the two Trustees elected as Chair, Mr Dominic Fox and Vice Chair, Mr Cal Healy, the Committee includes appointed members Mrs Natalie Bennett (until 4 September 2023), Mr Andrew Gilbert, Mr Cal Healy, Mr Paul Jackson, Mrs Pauline Jones, Mr Keith Lawrey, Mrs Carol Murphy, Mr Cathal Nolan, Mrs Margaret Rogers, Mr Andrew Tee (from 27 November 2023), and Mr Glyn Tomlinson. Mr Fox was elected Chair and Mr Healy was elected Vice Chair of the Grant Making Committee on 27 November 2023.

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

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

Auditor

Following a rebranding exercise on 15 May 2023, the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA. The auditors, MHA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

THE HOSPITAL SATURDAY FUND
(A Company Limited by Guarantee)

REPORT OF THE BOARD OF TRUSTEES (continued)

YEAR ENDED 31 DECEMBER 2023

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.

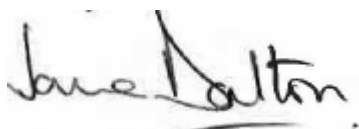
So far as each of the Trustees is aware at the time the report is approved:

- 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 9th April 2024



JOHN GREENWOOD
Chair



JANE DALTON
Vice-Chair

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

For the purpose of this report, the terms “we” and “our” denote MHA 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 15 to 16 that sets out the key audit matters and how our audit addressed the key audit matters, the terms “we” and “our” refer to MHA. The Group financial statements, as defined below, consolidate the accounts of The Hospital Saturday Fund and its subsidiaries (the “Group”). The “Parent Charitable Company” is defined as The Hospital Saturday Fund, as an individual entity. The relevant legislation governing the 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 for the year ended 31 December 2023.

The financial statements that we have audited comprise:

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

The financial reporting framework that has been applied in the preparation of the Group and Parent Charitable Company's financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2023 and the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

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

Overview of our audit approach

Scope Our audit was scoped by obtaining an understanding of the Group, including the Parent Charitable Company, and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Trustees that may have represented a risk of material misstatement.

We, and our component auditors acting on specific group instructions, undertook full scope audits on the complete financial information of all 3 components.

| Materiality | 2023 | 2022 | |
|----------------------------------|------------|------------|-----------------------------|
| Group | £1,377,900 | £1,369,300 | 3% (2022: 3%) of net assets |
| Parent Charitable Company | £1,195,100 | £1,223,200 | 3% (2022: 3%) of net assets |

Key audit matters

Recurring

- Fraud risk in Income recognition
- Estimates of provisions for outstanding claims liabilities

Key Audit Matters

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

Fraud risk in income recognition

Key audit matter description Fraud risk in income recognition is a Key Audit Matter and also under auditing standards a 'significant audit risk' unless otherwise rebutted. Income could be over or under stated as to mislead the performance of the group.

How the scope of our audit responded to the key audit matter We undertook the following procedures to assess the fraud risk in income recognition:

- We assessed the design and implementation of key controls around the recording of premium income.
- We performed key control testing on new joiners, ensuring that they are accurately and promptly entered into the policyholder system.
- We considered whether the systems used enabled adherence to the income recognition and measurement criteria of the stated accounting policies.
- We performed substantive analytical review procedures reconciling expected premium income from the policyholder database to that which had been recorded in the financial statements to ensure that income was complete, together with tests of detail.
- We reviewed other sources of income and agreed to supporting documentation where relevant, or else were able to rebut the presumption of significant fraud risk.

Key observations communicated to the Group's Audit & Finance Committee We found that the approach taken by management on the recognition of income (and premium income) to be materially complete and accurate and met the requirements of the accounting standards. Our audit work did not identify any instances of fraud.

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

Estimates of provision for outstanding claims liabilities

| | |
|-------------------------------------|--|
| Key audit matter description | As described in accounting policy 1p, provisions are made at the year-end for the estimated costs of claims incurred, but not settled, at the balance sheet date, including the cost of claims incurred but not yet reported. As this assessment requires judgements, it is considered a key area of focus for the audit due to the material value of the provision. |
|-------------------------------------|--|

| | |
|---|--|
| How the scope of our audit responded to the key audit matter | <p>We undertook the following procedures to assess the estimates of provision for outstanding claims liabilities:</p> <ul style="list-style-type: none"> • We assessed the methodologies used in order to calculate the claim provisions at the year end. • We tested this methodology by substantive analytical review which included the review of historic provision against actual results, review of any changes in methodology used in the current year as compared to previous years, the expected provision based on historical patterns, and the reasonableness of the methodology in light of other information available. • We considered where applicable alternative estimation approaches including consideration of actuarial assessments and reviews of post year end payments in order to provide assurance over the potential for material misstatement. • The accounting policy was checked to the financial reporting standards where necessary and confirmed to be appropriate. |
|---|--|

| | |
|---|--|
| Key observations communicated to the Group's Audit & Finance Committee | We concluded that the value of the provision for outstanding claims is within an acceptable range and has been recorded and classified appropriately, and is consistent with required financial reporting standards. |
|---|--|

Our application of materiality

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

Materiality in respect of the Group was set at £1,377,900 (2022: £1,369,300) which was determined on the basis of 3% (2022: 3%) of the Group's net assets. Materiality in respect of the Parent Charitable Company was set at £1,195,100 (2022: £1,223,200), determined on the basis of 3% (2022: 3%) of the Parent Charitable Company's net assets. Net assets was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements with which the users of the financial statements are principally concerned.

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

Performance materiality for the Group was set at £1,171,200 (2022: £1,163,900) and at £1,015,800 (2022: £1,039,700) for the Parent Charitable Company which represents 85% (2022: 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 £68,800 (2022: £66,400) and £59,700 (2022: £61,100) in respect of the Group and Parent Charitable Company respectively to the Board of Trustees as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

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

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

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

The scope of our audit

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

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

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

Full Scope audits: HSF health plan Limited and HSF Assist Limited were considered to be significant components of the Group. All significant 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.

Specified procedures: HSF health plan Malta Limited was not considered to be a significant component of the group. In order to obtain an appropriate level of audit evidence in respect of these transactions and balances we instructed component auditors to perform specific procedures focussing on the areas where we identified a heightened risk of material misstatement. We reviewed the reports and working papers prepared by the component auditors. Where appropriate we challenged the judgements and conclusions made by the component auditors. As part of our direction of their work we also had regular interactions with them to discuss the nature and progress of their work including any issues arising from their work.

The control environment

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

Climate-related risks

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

We have agreed with management's assessment that climate-related risks are not material to these financial statements, specifically with regards to the portfolio of investments held, freehold property and claims provisions, owing to the short tail nature of insurance operations.

Reporting on other information

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

We have nothing to report in this regard.

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

Strategic report and Report of the Board of Trustees

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

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

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

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Identifying and assessing potential risks arising from irregularities, including fraud

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

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies and the Group's, including the Parent Charitable Company's, own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, Charities Act, regulatory and supervisory requirements of the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA) and UK tax legislation or those that had a fundamental effect on the operations of the Group.
- We enquired about the existence of, and investigated the findings of, any communication with regulators that had occurred during the year.
- Legal and professional expenditures were reviewed for any instances of any legal or regulatory communication or payments which had not been disclosed.
- We enquired of the directors and management including the Audit and Finance committee concerning the Group's and the Parent Charitable Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected insurance claim losses.
- The group engagement team shared this risk assessment with the component auditors of significant subsidiaries so that they could include appropriate audit procedures in response to such risks in their work.

Audit response to risks identified

In respect of the above procedures:

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

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

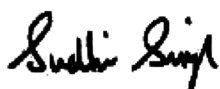
Other requirements

We were appointed by the Directors on 29 November 2019. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company, and we remain independent of the company in conducting our audit.

Use of our report

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



Sudhir Singh FCA (Senior Statutory Auditor)

for and on behalf of

MHA

Statutory Auditor

London, United Kingdom

Date: 19 April 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

THE HOSPITAL SATURDAY FUND

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

| | | 2023 | | 2022 | |
|--|--------------|--------------|--------------|--------------|--------------|
| | Notes | £ | £ | £ | £ |
| TECHNICAL ACCOUNT GENERAL BUSINESS | | | | | |
| Earned premiums | | | | | |
| Gross premiums written | 2 | 30,664,490 | | 30,321,555 | |
| Change in the gross provision for unearned premiums | | (74,233) | | 186,828 | |
| | | | | | |
| Gross premiums earned | | | 30,590,257 | | 30,508,383 |
| Less: reinsurance premiums | | | - | | - |
| | | | | | |
| Net premiums earned | | | 30,590,257 | | 30,508,383 |
| Claims incurred | | | | | |
| Gross claims paid | 20 | (23,295,261) | | (20,959,708) | |
| Change in the gross provision for claims outstanding | | (143,771) | | 16,065 | |
| | | | | | |
| | | | (23,439,032) | | (20,943,643) |
| Net operating expenses | | | (8,323,593) | | (6,996,587) |
| Balance on the technical account for general business | | | (1,172,368) | | 2,568,153 |
| NON-TECHNICAL ACCOUNT | | | | | |
| Investment income | | | | | |
| Income from other financial investments | 3 | 954,172 | | 920,457 | |
| Interest receivable | 3 | 18,565 | | 7,762 | |
| Realised (losses) / gains - other financial investments | 10 | (380,426) | | (488,675) | |
| Unrealised gains - other financial investments | 10 | 3,308,511 | | - | |
| Investment expenses and charges | | (258,247) | | (267,646) | |
| Unrealised (losses) – other financial investments | 10 | - | | (4,501,309) | |
| | | | | | |
| | | | 3,642,574 | | (4,329,411) |
| Other income | | | | | |
| Donations and legacies received | | 825 | | 1,122 | |
| Net income from trading activities | | 279,754 | | 295,473 | |
| Other charges – charitable activities | | (2,355,395) | | (1,930,724) | |
| | | | | | |
| | | | (2,074,816) | | (1,634,129) |
| Profit before tax | | | 395,390 | | (3,395,387) |
| Taxation | | | (107,600) | | 1,371,766 |
| Profit for the year after tax | | | 287,789 | | (2,023,621) |

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

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

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

| | | 2023 | 2023 | 2023 | 2023 | 2022 |
|---|--------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Unrestricted | Trading | Charity | Total | Total |
| | Notes | Charity | Trading | Expendable | Total | Total |
| | | £ | £ | Endowment | £ | £ |
| Income and endowments: | | | | | | |
| Donations and legacies | | 825 | - | - | 825 | 1,122 |
| Trading activities | 7 | - | 30,643,353 | - | 30,643,353 | 30,545,902 |
| Investment income | 3 | 531,521 | 441,216 | - | 972,736 | 928,219 |
| | | <u>532,346</u> | <u>31,084,569</u> | <u>-</u> | <u>31,616,915</u> | <u>31,475,243</u> |
| Expenditure on: | | | | | | |
| Raising funds – trading activities | 5 | 270,898 | (32,043,200) | (69,421) | (31,841,723) | (26,379,855) |
| Amounts available for charitable application | | 803,244 | (968,631) | (69,421) | (224,808) | 5,095,388 |
| Charitable activities | 8 | (2,415,657) | - | - | (2,415,657) | (2,161,478) |
| | | <u>(2,415,657)</u> | <u>-</u> | <u>-</u> | <u>(2,415,657)</u> | <u>(2,161,478)</u> |
| Net (outgoing)/incoming resources before investment gains and losses | | (1,612,414) | (958,631) | (69,421) | (2,640,466) | 2,933,910 |
| Gift aid donation | | - | (10,228) | 10,228 | - | - |
| Gain on revaluation of tangible assets | | - | - | - | - | - |
| Realised investment loss | 10 | - | (422,822) | 42,397 | (380,426) | (488,675) |
| Unrealised investment gain / (loss) | 10 | - | 2,310,673 | 997,838 | 3,308,511 | (4,501,309) |
| Transfer between funds | 15 | 2,355,395 | - | (2,355,395) | - | - |
| | | <u>2,355,395</u> | <u>-</u> | <u>(2,355,395)</u> | <u>-</u> | <u>-</u> |
| Net movement in funds for the year | | 742,981 | 918,991 | (1,374,354) | 287,619 | (2,056,074) |
| Funds brought forward | | 1,886,977 | 24,539,265 | 19,217,523 | 45,643,764 | 47,699,838 |
| | | <u>1,886,977</u> | <u>24,539,265</u> | <u>19,217,523</u> | <u>45,643,764</u> | <u>47,699,838</u> |
| Funds carried forward at 31 December 2023 | | 2,629,958 | 25,458,256 | 17,843,170 | 45,931,384 | 45,643,764 |
| | | <u><u>2,629,958</u></u> | <u><u>25,458,256</u></u> | <u><u>17,843,170</u></u> | <u><u>45,931,384</u></u> | <u><u>45,643,764</u></u> |

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

All transactions are derived from continuing activities.

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

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

GROUP AND CHARITY BALANCE SHEETS

AT 31 DECEMBER 2023

| | | 2023 | | 2022 | |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Notes | Group £ | Charity £ | Group £ | Charity £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | 5,013,205 | - | 4,976,701 | - |
| Investments | 10 | 36,760,996 | 35,053,242 | 33,592,343 | 33,872,056 |
| | | <u>41,774,201</u> | <u>35,053,242</u> | <u>38,569,343</u> | <u>33,872,056</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 11 | 2,346,324 | 47,942 | 3,120,087 | 9,398 |
| Cash at bank and in hand | | 7,101,472 | 4,894,806 | 8,792,140 | 6,885,656 |
| | | <u>9,447,796</u> | <u>4,942,749</u> | <u>11,912,227</u> | <u>6,895,054</u> |
| CREDITORS: amounts falling due within one year | 12 | (4,510,085) | (156,596) | (4,186,590) | 7,653 |
| NET CURRENT ASSETS | | <u>4,937,711</u> | <u>4,786,153</u> | <u>7,725,638</u> | <u>6,902,707</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 46,711,912 | 39,839,395 | 46,294,981 | 40,774,763 |
| DEFERRED TAXATION | 14 | (780,529) | - | (651,217) | - |
| NET ASSETS | | <u><u>45,931,384</u></u> | <u><u>39,839,395</u></u> | <u><u>45,643,764</u></u> | <u><u>40,774,763</u></u> |
| Representing: | | | | | |
| FUNDS | | | | | |
| Unrestricted funds | | | | | |
| - General funds | 15 | 2,629,958 | 19,664,308 | 1,886,977 | 19,664,308 |
| - Trading funds | 15 | 25,458,256 | - | 24,539,265 | - |
| Expendable endowment fund | 15 | 17,843,170 | 20,175,087 | 19,217,523 | 21,110,455 |
| | | <u><u>45,931,384</u></u> | <u><u>39,839,395</u></u> | <u><u>45,643,765</u></u> | <u><u>40,774,763</u></u> |

The financial statements were approved and authorised for issue by the Board of Trustees on 9th April 2024 and were signed below on its behalf by:



JOHN GREENWOOD
Chair



JANE DALTON
Vice Chair

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

THE HOSPITAL SATURDAY FUND

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | 2023 £ | 2022 £ |
|---|-------|--------------------|--------------------|
| Reconciliation of net movement in funds for the year to net operating cash flows | | | |
| Net movement in funds for the year | | 287,789 | (2,023,621) |
| Taxation | | 107,600 | (1,371,766) |
| Exchange (gains) / losses | | - | (44,271) |
| Unrealised (gains) / losses on other financial investments | | (3,308,511) | 4,501,309 |
| Realised losses / (gains) on other financial investments | | 380,426 | 488,675 |
| Income from other financial investments and cash | 3 | (972,737) | (928,219) |
| Depreciation and amortisation | | 223,515 | 215,956 |
| (Increase) in debtors | | 773,763 | (700,248) |
| (Decrease) / Increase in creditors | | 323,494 | (691,805) |
| Net cashflow from operating activities | | <u>(2,184,661)</u> | <u>(553,990)</u> |
| Cash flows from investment activities | | | |
| Income received from other financial investments | 3 | 954,172 | 920,457 |
| Interest received | 3 | 18,565 | 7,762 |
| Exchange gains / (losses) | | (348,008) | 14,271 |
| Purchases of tangible fixed assets | 9 | (270,594) | (170,326) |
| Acquisition of subsidiaries | | - | (638,461) |
| Purchases of other financial investments | | (7,951,500) | (24,578,629) |
| Sales of other financial investments | | 8,091,358 | 23,379,683 |
| Net cashflow from investing activities | | <u>493,993</u> | <u>(1,065,243)</u> |
| (Decrease) in cash holdings | | (1,690,668) | (1,619,233) |
| Cash and cash equivalents at 1 January | | 8,792,140 | 10,411,373 |
| Cash and cash equivalents at 31 December | | <u>7,101,472</u> | <u>8,792,140</u> |
| Analysis of cash and cash equivalents | | | |
| Cash in hand | | 7,101,472 | 8,792,140 |
| Total cash and cash equivalents | | <u>7,101,472</u> | <u>8,792,140</u> |

ANALYSIS OF CHANGES IN NET CASH

| | At 1 January 2023 £ | Cashflows £ | Capital Contribution to subsidiary £ | At 31 December 2023 £ |
|--------------|---------------------------|--------------------|---|-----------------------------|
| Cash | 8,792,140 | (1,690,668) | - | 7,101,472 |
| Total | <u>8,792,140</u> | <u>(1,690,668)</u> | <u>-</u> | <u>7,101,472</u> |

There was no net debt in the current and prior year

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES

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

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

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

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

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

a) Gift of investment in HSF health plan Limited

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

b) Incoming resources

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

Incoming resources represents donations, income of the trading subsidiaries and investment income. All income is accounted for on a receivable basis.

Premiums

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

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

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

All premiums arise in the United Kingdom and Ireland.

c) Tangible Fixed Assets

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

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

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

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

d) Investments

Investments are recognised initially at fair value which is normally the transactional price, in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' subsequently they are reserved at fair value. Listed investments are regularly marked to market with gains and losses taken to the Statement of Financial Activities. The basis for determining the fair value is the quoted market price in an active market; which is level 1 of the fair value hierarchy. Investments in subsidiaries are recognised at cost value.

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

e) Interest Receivable

Interest receivable is recognised in the Statement of Financial Activities in the year in which it is receivable using the effective interest method.

f) Pension Costs

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

g) Redundancy

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

h) Expenditure

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

i) Claims Incurred

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

j) Fund accounting

Unrestricted funds comprise accumulated surpluses on general and trading funds.

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

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

Expendable endowment funds arise where the terms of the gift aid donation stipulate that the funds are to be treated as capital but may be expended at the discretion of Trustees within the objects of the charity.

Accordingly, the Trustees have the right but not the duty to expend the capital as they see fit.

k) Deferred Taxation

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

l) Operating Leases

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

1. ACCOUNTING POLICIES (continued)

m) Translation of Foreign Currency

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

n) Grants

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

o) Financial instruments

The company enters basic financial instruments transactions that result in the recognition of financial assets and liabilities like debtors arising out of direct insurance operations, trade payables, loans to related parties and investments in non-puttable ordinary shares. The company has applied the requirement of Section 11 and 12 of the FRS 102 framework for the measurement of its financial instruments. Financial instruments are initially recognised at their transaction cost.

Basic financial instruments are subsequently measured at amortised cost using the Effective Interest Rate (EIR). The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Equity instruments and non-basic financial instruments are subsequently measured at their fair value.

The company holds the following types of financial instrument.:

- 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 the Balance Sheet on page 10. Prepayments amounting to £206,525 (2022: £505,569) 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 the Balance Sheet on page 11. Amounts due to taxation and social security are not included in the financial instrument disclosure.
- Investments – these are non-puttable ordinary shares are measured at fair value with the exception of the investment in the subsidiaries which are stated at cost. Listed investments are regularly marked to market with gains and losses taken to the Income Statement. The basis for determining the fair value is the quoted market price in an active market; which is level 1 of the fair value hierarchy. 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. Impairment – Financial instruments that are measured at fair value are assessed at the end of each reporting period for objective evidence of impairment. If such evidence is identified an impairment loss is recognised in the statement of comprehensive income.
- Impairment – Financial instruments that are measured at fair value are assessed at the end of each reporting period for objective evidence of impairment. If such evidence is identified an impairment loss is recognised in the statement of comprehensive income.

p) Provisions

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

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

q) Significant judgments and estimates

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

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

r) Employee Benefits

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

s) Tax

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

t) Deferred Tax

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

u) Going Concern

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

| 2. | PREMIUM INCOME | 2023 £ | 2022 £ |
|----|-----------------------------------|-------------------|-------------------|
| | Total direct insurance premiums | 32,235,328 | 31,826,932 |
| | Less direct insurance premium tax | (1,570,838) | (1,505,377) |
| | Gross direct premiums written | <u>30,664,490</u> | <u>30,321,555</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, Republic of Ireland and Malta. All premiums received are individual periodic premiums with are based on non-participating contracts.

| | 2023 £ | 2022 £ |
|------------------------|-------------------|-------------------|
| United Kingdom | 13,630,730 | 12,953,036 |
| Republic of Ireland | 17,008,752 | 17,363,748 |
| Malta | 25,008 | 4,771 |
| Gross premiums written | <u>30,664,490</u> | <u>30,321,555</u> |

| 3. | INVESTMENT INCOME | 2023 Charity £ | 2023 Group £ | 2022 Charity £ | 2022 Group £ |
|----|---|----------------------|--------------------|----------------------|--------------------|
| | Income from other financial investments | 527,735 | 954,171 | 366,321 | 920,457 |
| | Interest receivable | 3,786 | 18,565 | 1,831 | 7,762 |
| | | <u>531,521</u> | <u>972,736</u> | <u>368,152</u> | <u>928,219</u> |

| 4. | NET INCOME FOR THE YEAR | 2023 £ | 2022 £ |
|----|---|----------------|----------------|
| | The net income for the year is stated after charging: | | |
| | Depreciation | 223,515 | 215,956 |
| | Auditors' remuneration: | | |
| | Audit of the charity | 11,000 | 9,000 |
| | Audit of the subsidiaries | 48,700 | 39,500 |
| | Operating leases | <u>134,499</u> | <u>136,510</u> |

| 5. | ANALYSIS OF TOTAL RESOURCES EXPENDED | Direct costs £ | Grant funding £ | Support costs £ | 2023 Total £ |
|----|---------------------------------------|-------------------|--------------------|--------------------|--------------------|
| | Raising funds | | | | |
| | Charity | (201,477) | - | - | (201,477) |
| | Subsidiaries | 23,439,032 | - | 8,604,168 | 32,043,200 |
| | Charitable activities (Note 8) | - | 2,355,395 | 60,263 | 2,415,658 |
| | Group Total | <u>23,237,555</u> | <u>2,355,395</u> | <u>8,664,431</u> | <u>34,257,381</u> |

All grants in the year were funded from the expendable endowment. The charitable activities support costs for 2023 is a negative balance due to the effect of exchange variance gains made in the year which forms part of this.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

ANALYSIS OF SUPPORT COSTS

| | 2023 Total £ | 2022 Total £ |
|-------------------------|-----------------------------|-----------------------------|
| Policy Services | 393,231 | 341,934 |
| Staff Costs | 4,783,237 | 4,472,763 |
| Property Costs | 493,352 | 189,820 |
| Sales & Marketing Costs | 431,666 | 331,068 |
| Administration Costs | 1,772,549 | 1,432,428 |
| Governance Costs | 441,394 | 258,804 |
| Exchange Variance | 241,400 | (14,271) |
| Tax Movement | 107,600 | (1,371,766) |
| Total | <u>8,664,431</u> | <u>5,640,780</u> |

ANALYSIS OF GOVERNANCE COSTS

| | 2023 Total £ | 2022 Total £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Internal Audit | 38,927 | - |
| External auditors' remuneration | | |
| - Audit services | 59,700 | 48,500 |
| Governance and professional support | 342,767 | 210,304 |
| Total | <u>441,394</u> | <u>258,804</u> |

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.

| | 2023 £ | 2022 £ |
|---|-------------------|-------------------|
| Wages and salaries | 3,896,594 | 3,741,138 |
| Social security costs | 430,348 | 378,378 |
| Pension costs | 456,295 | 353,247 |
| | <u>4,783,238</u> | <u>4,472,763</u> |
| The average number of persons employed during the year was: | | |
| Sales | 20 | 19 |
| Administration | 58 | 52 |
| | <u>78</u> | <u>71</u> |

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

6. STAFF COSTS (continued)

| | 2023 | 2022 |
|---|------|------|
| The number of employees whose annual emoluments exceeded £60,000 were:- | | |
| £60,001 - £70,000 | 7 | 4 |
| £70,001 - £80,000 | 2 | 4 |
| £80,001 - £90,000 | 3 | 4 |
| £90,001 - £100,000 | 3 | 1 |
| £100,001 - £110,000 | 2 | 2 |
| £110,001 - £120,000 | 1 | - |
| £140,001 - £150,000 | 1 | 1 |
| £160,001 - £170,000 | 1 | - |
| £210,001 - £220,000 | - | 1 |
| £240,001 - £250,000 | 1 | - |
| £290,000 - £300,000 | - | 1 |
| £310,001 - £320,000 | 1 | - |

Contributions totalling £240,015 (2022: £185,682) were made to group personal pension plans in respect of the 22 (2022: 18) employees above.

None of the trustees were remunerated during the year for their services as trustees of the parent Charitable Company. Expenses totalling £30,416 (2022: £46,687) were reimbursed to eight trustees (2022: eight) 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 £1,067,895 (2022: £964,506).

There were termination payments in the year totalling £8,296 (2022: £Nil). This includes one statutory redundancy payments, payments in lieu of notice and non-contractual payments (2022: None). 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.

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:

| | 2023 £ | 2022 £ |
|--------------------|-----------|-----------|
| Mrs J L Dalton | 6,954 | 6,698 |
| Mr M Davies | 13,604 | 16,641 |
| Mr J Greenwood | 8,870 | 8,544 |
| Mr J Randel | 12,728 | 14,172 |
| Mr D Thomas | 11,753 | 14,207 |
| Total remuneration | 53,909 | 60,262 |

Contributions totalling £Nil (2022: £1,366) were made to personal pension plan in respect of none (2022: 1) of the Directors above.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

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:

| | 2023 £ | 2022 £ |
|---|--------------|--------------|
| PROFIT AND LOSS ACCOUNT | | |
| Premium income | 30,565,249 | 30,503,727 |
| Claims paid and reinsurance | (23,427,563) | (20,943,499) |
| Net operating expenses | (8,191,301) | (6,709,910) |
| | | |
| Balance on the technical account for general business | (1,053,615) | 2,850,318 |
| | | |
| Investment income and gains | 1,812,425 | (2,784,880) |
| Other income | - | - |
| | | |
| Profit before taxation | 758,810 | 65,438 |
| | | |
| Profit for the year after taxation | 638,446 | 1,208,420 |
| | | |
| BALANCE SHEET | | |
| Fixed assets | 23,335,029 | 21,578,980 |
| Net current assets | (735,513) | 261,726 |
| Deferred taxation | (833,184) | (712,820) |
| | | |
| NET ASSETS | 21,766,331 | 21,127,886 |
| | | |
| FUNDS | | |
| General reserve | 21,766,331 | 21,127,885 |
| | | |
| | 21,766,331 | 21,127,885 |

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:

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| PROFIT AND LOSS ACCOUNT | | |
| Premium income | 53,097 | 37,520 |
| Helplines and counselling | (14,143) | (16,747) |
| Other admin costs inc gift aid donation | (6,344) | (10,545) |
| | | |
| Profit for the year after taxation | 32,609 | 10,228 |
| | | |
| BALANCE SHEET | | |
| Net current assets | 32,610 | 10,228 |
| | | |
| NET ASSETS | 32,610 | 10,228 |
| | | |
| CAPITAL AND RESERVES | | |
| Share capital | 1 | 1 |
| Profit and loss account | 32,609 | 10,227 |
| | | |
| | 32,610 | 10,228 |

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

7. RESULTS OF SUBSIDIARIES (continued)

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:

| | 2023 | 2022 |
|---|-----------|-----------|
| | £ | £ |
| PROFIT AND LOSS ACCOUNT | | |
| Premium income | 25,008 | 4,655 |
| Claims paid and reinsurance | (11,469) | (144) |
| Net operating expenses | (341,588) | (360,548) |
| Balance on the technical account for general business | (328,049) | (291,754) |
| Investment income and gains | 346,962 | (704,419) |
| Other income | 223,948 | 257,954 |
| (Loss) / Profit before taxation | 242,861 | (802,502) |
| (Loss) / Profit for the year after taxation | 255,625 | (573,718) |
| BALANCE SHEET | | |
| Fixed assets | 2,732,333 | 2,601,114 |
| Net current assets | 379,910 | 703,972 |
| Deferred taxation | 52,655 | 61,603 |
| NET ASSETS | 3,164,898 | 3,366,689 |
| FUNDS | | |
| General reserve | 3,164,898 | 3,366,689 |
| | 3,164,898 | 3,366,689 |

8. GRANTS

| | Grants to Institutions | Grants to Individuals | Support Costs | 2023 Total |
|---|---------------------------|--------------------------|------------------|---------------|
| | £ | £ | £ | £ |
| During the year the following grants were made: | | | | |
| Medical charities | 1,800,260 | - | 46,059 | 1,846,320 |
| Hospitals and hospices | 180,244 | - | 4,612 | 184,855 |
| Welfare grants to individuals | - | 334,891 | 8,568 | 343,459 |
| Other medical/welfare related organisations | 40,000 | - | 1,023 | 41,023 |
| | 2,020,504 | 334,891 | 60,263 | 2,415,657 |
| | | | | |
| | Grants to Institutions | Grants to Individuals | Support Costs | 2022 Total |
| | £ | £ | £ | £ |
| During the year the following grants were made: | | | | |
| Medical charities | 1,493,712 | - | 42,176 | 1,535,888 |
| Hospitals and hospices | 254,458 | - | 7,185 | 261,643 |
| Welfare grants to individuals | - | 343,953 | 9,712 | 353,665 |
| Covid-19 fund grants | 10,000 | - | 282 | 10,282 |
| Other medical/welfare related organisations | 1,758,170 | 343,953 | 59,355 | 2,161,478 |

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

| 9. TANGIBLE FIXED ASSETS | Charity | | Group | | |
|--------------------------|-------------------------|------------|------------------------|--------------------------------------|------------|
| | Computer Equipment £ | Total £ | Freehold property £ | Furniture Fixtures and Fittings £ | Total £ |
| COST OR VALUATION | | | | | |
| At 1 January 2023 | 12,000 | 12,000 | 4,995,000 | 2,061,555 | 7,068,555 |
| Additions in year | - | - | - | 270,594 | 270,594 |
| Disposals in year | - | - | - | (243,478) | (243,478) |
| At 31 December 2023 | 12,000 | 12,000 | 4,995,000 | 2,088,671 | 7,095,671 |
| DEPRECIATION | | | | | |
| At 1 January 2023 | 12,000 | 12,000 | 199,800 | 1,880,054 | 2,091,854 |
| Charge for year | - | - | 99,900 | (109,288) | (9,388) |
| At 31 December 2023 | 12,000 | 12,000 | 299,700 | 1,770,766 | 2,082,466 |
| NET BOOK VALUE | | | | | |
| At 31 December 2023 | - | - | 4,695,300 | 317,905 | 5,013,205 |
| At 31 December 2022 | - | - | 4,795,200 | 181,501 | 4,976,701 |

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 2023 which has confirmed no material change or impairment. The historical cost as of the 31 December 2023 was £822,500 (2022: £822,500).

| 10. INVESTMENTS | 2023 | | 2022 | |
|--|-------------|--------------|--------------|--------------|
| | Group £ | Charity £ | Group £ | Charity £ |
| Market value at 1 January | 33,592,343 | 33,872,056 | 36,744,834 | 31,378,967 |
| Additions | 7,951,500 | 3,451,424 | 24,578,629 | 14,815,474 |
| Disposals | (8,091,358) | (3,268,075) | (23,229,811) | (11,606,476) |
| Unrealised gains / (losses) | 3,308,511 | 997,838 | (4,501,309) | (715,909) |
| Market value at 31 December | 36,760,996 | 35,053,243 | 33,592,343 | 33,872,056 |
| Historical cost at 31 December | 33,676,166 | 34,145,995 | 36,591,750 | 34,270,834 |
| At market value | | | | |
| United Kingdom investments (listed) | 4,451,784 | 2,905,631 | 3,923,602 | 2,356,603 |
| Overseas equity investments (listed) | 22,338,899 | 9,860,387 | 22,027,724 | 9,938,345 |
| Bonds (listed) | 7,905,097 | 2,622,917 | 5,427,819 | 1,912,800 |
| Other (listed) | 1,450,619 | - | 1,623,503 | - |
| Cash Fund (unlisted) | 614,598 | - | 589,695 | - |
| At cost value | | | | |
| Investment in HSF health plan Limited (unlisted) | - | 15,865,576 | - | 15,865,576 |
| Investment in HSF health plan (Malta) Ltd (unlisted) | - | 3,798,732 | - | 3,798,732 |
| | 36,760,996 | 35,053,243 | 33,592,343 | 33,872,056 |

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 £3,308,511 (2022 losses of: £4,501,309) and realised losses of £380,426 (2022 losses of: £488,675)

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

11. DEBTORS

| | 2023 | | 2022 | |
|--------------------------------|------------------|----------------|------------------|----------------|
| | Group | Charity | Group | Charity |
| | £ | £ | £ | £ |
| Insurance operation debtors | 1,565,787 | - | 2,041,337 | - |
| Other debtors | 574,012 | - | 573,181 | - |
| Prepayments and accrued income | 158,583 | 47,942 | 505,569 | 9,398 |
| | <u>2,346,324</u> | <u>47,942</u> | <u>3,120,087</u> | <u>9,398</u> |

12. CREDITORS: amounts falling due within one year

| | Note | 2023 | | 2022 | |
|---|-------------|------------------|----------------|------------------|----------------|
| | | Group | Charity | Group | Charity |
| | | £ | £ | £ | £ |
| Insurance operations provisions | 13 | 4,299,701 | - | 4,061,774 | - |
| Trading operations creditors and accruals | | 270,884 | - | 154,043 | - |
| Other creditors and accruals | | 160,590 | 156,596 | (7,653) | (7,653) |
| Taxes and social security | | (49,794) | - | (21,574) | - |
| | | <u>4,510,085</u> | <u>156,596</u> | <u>4,186,590</u> | <u>(7,653)</u> |

13. MOVEMENTS IN INSURANCE OPERATION PROVISIONS

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Claims Provision | | |
| Claims provision brought forward (including IBNR) | 3,268,276 | 3,284,353 |
| Payments during the year in respect of those provisions | (3,017,529) | (2,921,412) |
| Adjustment to prior year's provision | (250,747) | (362,941) |
| Movement in provision during the year | 3,414,060 | 3,268,276 |
| Net loss provision carried forward in respect of outstanding claims | <u>3,414,060</u> | <u>3,268,276</u> |
| | | |
| | 2023 | 2022 |
| | £ | £ |
| Unearned Premium Provision | | |
| Unearned premium provision brought forward | 793,498 | 980,240 |
| Premiums during the year in respect of those provisions | (793,498) | (980,239) |
| Movement in provision during the year | 885,641 | 793,498 |
| Net loss provision carried forward in respect of unearned premiums | <u>885,641</u> | <u>793,498</u> |
| Net loss provision carried forward in respect of insurance operations | <u>4,299,701</u> | <u>4,061,774</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.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

| 14. DEFERRED TAXATION | Liability on Property revaluation £ | Short term Timing difference £ | Fixed asset - timing differences £ | Losses and other deductions £ | Total £ |
|------------------------------|--|---|---|--|--------------------|
| At 1 January 2023 | (838,322) | 39,891 | 11,851 | 113,651 | (672,929) |
| Profit and loss account | (1) | 26,144 | (43,134) | (90,610) | (107,600) |
| Other comprehensive income | - | - | - | - | - |
| At 31 December 2023 | <u>(838,323)</u> | <u>66,035</u> | <u>(31,283)</u> | <u>23,041</u> | <u>(780,529)</u> |
| | Liability on property revaluation £ | Short term timing different £ | Fixed asset - timing differences £ | Losses and other deductions £ | Total £ |
| At 1 January 2022 | (838,322) | (1,219,132) | 37,310 | - | (2,020,144) |
| Profit and loss account | - | 1,280,735 | (25,459) | 113,651 | 1,368,927 |
| Other comprehensive income | - | - | - | - | - |
| At 31 December 2022 | <u>(838,322)</u> | <u>61,603</u> | <u>11,851</u> | <u>113,651</u> | <u>(651,217)</u> |

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

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

| | 2023 £ | 2022 £ |
|--|-------------------|--------------------|
| Corporation tax (see below) | 120,364 | (1,142,982) |
| Movement on deferred tax provision on property revaluation | - | - |
| | <u>120,364</u> | <u>(1,142,982)</u> |

The tax assessed for the year differs from the standard corporation tax rate in the UK of 23.52% (2022: 19.00%).

The differences are explained below:

| | | |
|--|----------------|--------------------|
| UK Profit on ordinary activities before tax | 758,810 | 65,438 |
| Corporation tax at the standard rate of 23.52% thereon (2022: 19.00%) | 178,476 | 12,433 |
| Effects of: | | |
| Amounts not deductible for tax purposes | 3,979 | 2,165 |
| Fixed asset differences | 21,597 | 9,272 |
| Losses carried back | - | 6,623 |
| Dividend and distribution income | (90,810) | (97,520) |
| Adjustment to tax charge in respect of previous periods – deferred tax | - | (8,714) |
| Deferred tax (charged) directly to equity | - | - |
| Remeasurement of deferred tax for changes in tax rates to 25% | 7,122 | (272,224) |
| Adjustment for profits gift aided to parent, charged to reserves | - | (795,017) |
| UK Corporation tax on profit | <u>120,364</u> | <u>(1,142,982)</u> |

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

14. DEFERRED TAXATION (continued)

| | 2023 | 2022 |
|---|-----------------|--------------------|
| | £ | £ |
| The tax assessed for the year differs from the standard corporation tax rate in the Malta of 35.00% (2022: 35.00%). The differences are explained below: | | |
| Malta Profit on ordinary activities before tax | 242,861 | (802,502) |
| Malta Corporation tax at the standard rate of 35.00% thereon (2022: 35.00%) | 85,002 | (280,876) |
| Effects of: | | |
| Amounts not deductible for tax purposes | 23,948 | 33,728 |
| Dividend and distribution income | - | (895) |
| Unrealised gains on bonds | (19,860) | 19,517 |
| Unrealised gains on equities | (143,082) | - |
| Unrealised gains on alternatives | 8,028 | - |
| Prior year adjustment | - | (258) |
| | <u>(12,764)</u> | <u>(228,784)</u> |
| UK Corporation tax on profit on ordinary activities | 120,364 | (1,142,982) |
| Malta Corporation tax on profit on ordinary activities | (12,764) | (228,784) |
| | <u>107,600</u> | <u>(1,371,766)</u> |

15. MOVEMENT ON FUNDS

| | At 1 | Movement in funds | | Gains on | | Balance at |
|-----------------------------|-------------------|--------------------------|---------------------|---------------------|------------------|--------------------|
| | January | Incoming | Resources | Investments/ | | 31 December |
| Unrestricted funds | 2023 | resources | expended | Property | Transfers | 2023 |
| | £ | £ | £ | £ | £ | £ |
| General funds | 1,886,977 | 532,346 | (2,144,759) | - | 2,355,395 | 2,629,958 |
| Trading funds | 24,539,265 | 31,084,569 | (32,043,200) | 1,887,850 | (10,228) | 25,458,256 |
| | <u>26,426,242</u> | <u>31,616,915</u> | <u>(34,187,959)</u> | <u>1,887,850</u> | <u>2,345,167</u> | <u>28,088,215</u> |
| Expendable Endowment | 19,217,523 | - | (69,421) | 1,040,235 | (2,345,167) | 17,843,000 |
| Total funds | <u>45,643,764</u> | <u>31,616,915</u> | <u>(34,257,380)</u> | <u>2,928,085</u> | <u>-</u> | <u>45,931,384</u> |

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

15. MOVEMENT ON FUNDS (continued)

Expendable endowment fund

The principal purpose of the expendable endowment fund is to provide a capital base from which income is earned to finance the grant making activities. The Trustees have the powers to approve expenditure from the expendable endowment capital in certain circumstances however these are likely to be limited to grant making activity where unrestricted reserves are known to be insufficient to meet the cost of particular grants specifically approved by the Trustees. Transfer of funds represents the gift aid donation from trading subsidiaries to The Hospital Saturday Fund and the drawdown of expendable endowment to fund grants awarded in the year. The Reserves Policy is to maintain the Expendable Endowment at a level no less than £5m and no greater than £22m. The charity received large gift aid donations in 2021 & 2022 for the profits made by the trading subsidiary HSF health plan Ltd in the trading years of 2020 & 2021, which was due to the exceptional circumstances that have resulted from the Covid-19 pandemic. However, given we are forecasting that the long-lasting effect of the pandemic and also now the effect of the current inflation situation will likely result in quite low gift-aid donations over the next three years, also as the largest of the three trading subsidiaries has committed to upgrading its Policyholder Database to improve the level of service provided to its customers, the Trustees are not expecting a large increase in the grant making as a result of the 2021 gift aid. Therefore, this will be used to fund the next three years' grant making this is evident in this year where there is a £2.3m drawdown transfer to fund the grant making in the year.

Trading fund

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

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

| Fund balances at 31 December 2023 are represented by | Total Funds £ | Unrestricted funds | | Expendable Endowment £ |
|---|---------------------|----------------------|----------------------|------------------------------|
| | | General Fund £ | Trading Fund £ | |
| Tangible fixed assets | 5,013,205 | - | 5,013,205 | - |
| Investments | 36,760,996 | - | 21,372,062 | 15,388,935 |
| Cash at bank and in hand | 7,101,472 | 2,738,611 | 1,908,625 | 2,454,236 |
| Net assets | (2,163,761) | (108,653) | (2,055,107) | - |
| Deferred tax | (780,529) | - | (780,529) | - |
| Total Net Assets | 45,931,384 | 2,629,958 | 25,458,256 | 17,843,170 |

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

The Trading and Total Funds includes non-distributable reserves of £Nil (2022: £Nil) due to inclusion of the revaluation reserve.

17. 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 £523,623 (2022: £416,206).

At the balance sheet date, there were outstanding contributions of £53,562 (2022: £Nil)

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

18. OPERATING LEASE COMMITMENTS

At 31 December 2023, the Group had annual commitments under operating leases which expire as follows:

| | 2023 | | 2022 | |
|--|-----------------------|----------------|-----------------------|---------------|
| | Land and Buildings | Other | Land and Buildings | Other |
| | £ | £ | £ | £ |
| Within one year | 20,775 | 96,218 | 24,844 | 67,007 |
| In the second to fifth years inclusive | 3,462 | 134,183 | 28,984 | 24,444 |
| | <u>24,237</u> | <u>230,401</u> | <u>53,828</u> | <u>91,451</u> |

19. CONTINGENT LIABILITIES

No provision has been made for any levy which the trading subsidiary, HSF health plan Ltd may be called upon to pay under the provisions of the Policyholders Protection Act 1975 as the likelihood of this arising is considered to be remote. The maximum amount of any such levy in respect of the current financial year would be £306,395 (2022: £303,168).

20. NATURE AND EXTENT OF RISK ARISING FROM INSURANCE CONTRACTS

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

Market Risk

Key Risks

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

Controls

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

Risk Appetite

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

Underwriting Risk

Key Risks

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

Controls

The short-tailed nature of its liabilities offer a predictable and stable book of reserves which render a risk profile commensurate with its risk appetite. The main driver of HSF health plan's Underwriting risk is the exposure to catastrophe risk which is generated due to the health nature of the insurance policies sold. HSF health plan has robust underwriting controls to mitigate its exposure under catastrophe risk and align it to its risk appetite and strategic business plan. Re-Insurance was used to remove all risks associated with the personal accident as a third party underwrites this while this was insured by a third party. This remained in place until the 31 January 2021, after this date the underwriting of the personal accident was brought inhouse to the company, due to this being similar to existing underwriting risks it was not assessed as a significant risk and continues to be.

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 (2022: just under £0.5m), which equates to approximately 25% of its undiversified capital charge.

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

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

Controls

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

Risk Appetite

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

Operational Risk

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

Sensitivity**Assumptions and sensitivities**

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

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

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

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

| | Profit/Loss before tax | | Accumulated Fund | |
|--|-------------------------------|-------------|-------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Before sensitivities | 638,446 | 65,438 | 21,766,331 | 21,127,885 |
| Reduction in business volumes by 15% | (3,957,476) | (4,482,080) | 17,170,409 | 16,580,367 |
| Reduction in investment market values by 25% | (5,082,811) | (5,329,307) | 16,045,074 | 15,733,140 |

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.

20. 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. From 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 | |
|-------------------------|---------------------|-------------------|
| | 2023 | 2022 |
| | £ | £ |
| Direct Insurance | 23,295,261 | 20,959,671 |
| | <u>23,295,261</u> | <u>20,959,671</u> |

21. 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.

| 2023 | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total |
|-----------------------------|--------------------------|-------------------------|---------------------------|------------------|-----------------|-------------------------|
| | £ | £ | £ | £ | £ | £ |
| Trade and other liabilities | - | - | 867,529 | - | - | 867,529 |
| Outstanding claims | 1,590,361 | 1,337,583 | 484,009 | - | - | 3,411,953 |
| | <u>1,590,361</u> | <u>1,337,583</u> | <u>1,351,538</u> | <u>-</u> | <u>-</u> | <u>4,279,482</u> |
| | <u><u>1,590,361</u></u> | <u><u>1,337,583</u></u> | <u><u>1,351,538</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>4,279,482</u></u> |
| 2022 | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total |
| | £ | £ | £ | £ | £ | £ |
| Trade and other liabilities | - | - | 93,669 | - | - | 93,669 |
| Outstanding claims | 1,539,985 | 1,263,121 | 465,075 | - | - | 3,268,181 |
| | <u>1,539,985</u> | <u>1,263,121</u> | <u>558,744</u> | <u>-</u> | <u>-</u> | <u>3,361,850</u> |
| | <u><u>1,539,985</u></u> | <u><u>1,263,121</u></u> | <u><u>558,744</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>3,361,850</u></u> |

21. 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, £4,584,787 (2022: £4,575,559).

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 2023 | 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 | - | 1,324,263 | 241,524 | - | - | 1,565,787 |
| | - | 1,324,263 | 241,524 | - | - | 1,565,787 |
| | | | | | | |
| Credit Risk as at 31 December 2022 | Neither past due nor impaired | Past due less than 30 Days | Past due 31 to 60 days | Past due 61 to 90 days | Past due more than 90 days | Total |
| | £ | £ | £ | £ | £ | £ |
| Insurance receivables | - | 1,445,966 | 595,371 | - | - | 2,041,337 |
| | - | 1,445,966 | 595,371 | - | - | 2,041,337 |
| | | | | | | |

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:

| | 2023 £ | 2022 £ |
|----------------------|-----------|-----------|
| 0.5% increase | | |
| Movement in bonds | 22,950 | 15,402 |
| Movement in equities | 67,176 | 59,020 |
| | | |
| 0.5% decrease | | |
| Movement in bonds | (22,950) | (15,402) |
| Movement in equities | (67,176) | (59,020) |

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

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

21. FINANCIAL RISK MANAGEMENT (continued)

Fair Value

i. Financial instruments carried at fair value

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

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

| | Level 1 £ | Level 2 £ | Level 3 £ | The Company Total £ |
|-----------------------|--------------|--------------|--------------|---------------------------|
| Financial instruments | 16,596,695 | - | - | 16,596,695 |

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.

22. 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.

| | 2023 £ | 2022 £ |
|--|------------|------------|
| Statutory minimum capital requirement | 2,981,432 | 2,734,456 |
| Total available capital resources | 21,766,331 | 21,127,886 |
| Statutory Minimum Capital Solvency Cover % | 730% | 773% |

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

23. 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 (2022: £Nil).

The charity received Gift Aid donations during the year from its trading subsidiaries totalling £10,228 (2022: £4,211,504).

There is a debtor's balance of £Nil (2022: £26,632) owed from the charities subsidiary company HSF health plan (Malta) Ltd in relation to services provided during the year.

Also there is a creditor's balance of £Nil (2022: £1,873) owed to the charities trading subsidiary HSF health plan Ltd in relation to fees paid on behalf of the company.

24. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.