

**HSF health plan LIMITED**  
**(A Company Limited by Guarantee)**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

Registered Company Number: 30869



**HSF health plan LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**HSF health plan LIMITED**  
**A Company Limited by Guarantee No. 30869**  
**Founded in 1873 Incorporated 1890 Change of name 2007**

**Officers and Advisers 2017**

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*Board of Directors*

**Executive**

Mr P Clare FCMI FInstLM – Managing Director  
Mr P W Jackson MSc BA (Hons) DChA – Chief Executive  
Mrs S Phelan – Director of Operations

**Non-Executive**

Mrs J L Dalton LLB (Hons)  
Mr M Davies  
Mr N Finlayson FCA DChA  
Mr J Greenwood  
Mr J Randel – Chairman  
Mrs L Richards-Cole ACII  
Mr D Thomas

*Bankers*

HSBC  
UBS AG  
Ulster Bank Limited  
Lloyds Bank

*Solicitors*

Kerman & Co LLP  
Ronan Daly Jermyn

*Auditors*

haysmacintyre, Chartered Accountants

*Investment Managers*

Sarasin & Partners LLP  
UBS AG

*Head Office*

24 Upper Ground  
London, SE1 9PD  
Telephone: 020 7928 6662  
Fax: 020 7928 0446  
E-mail: [marketing@hsf.eu.com](mailto:marketing@hsf.eu.com)

*National Offices*

5 Westgate Business Park  
Kilrush Road, Ennis  
Co. Clare, Ireland  
Telephone: 065 686 2500  
Fax: 065 686 2504  
E-mail: [info@hsf.eu.com](mailto:info@hsf.eu.com)

## HSF health plan LIMITED

### REPORT OF THE BOARD OF DIRECTORS

#### FOR THE YEAR ENDED 31 DECEMBER 2017

## INTRODUCTION

The Board of Directors is pleased to present the 145<sup>th</sup> Annual Report and the audited financial statements for the year ended 31 December 2017.

## BOARD OF DIRECTORS

Mr John Randel and Mrs Lynn Richards-Cole continue to serve as Chairman and Vice Chairman respectively from November 2017. Two of the independent Directors, Mr Neil Finlayson and Mrs Lynn Richards-Cole were appointed for a three year period of service which commenced on 1 October 2017. Neither of them serve as Directors/Trustees of the charity company.

The Board is made up of individuals from a range of backgrounds in general insurance, finance, legal, private sector and charity sectors. This diverse range of experience is invaluable to the Company and ensures that a strong governance structure is maintained, underpinning the business being managed efficiently.

A detailed annual review and updating of the departmental risk registers were undertaken in conjunction with a review of the Company's responsibilities in advance of the introduction of the General Data Protection Regulations (GDPR) in May 2018. The Company was successful in its application to achieve the Cyber Essentials accreditation in support of this. The overall conclusion reached was that the working practices and procedures for the company were satisfactory. Board and Committee business plans were updated to reflect current and future activities. The Board maintains a strong commitment to its regulatory responsibilities with Directors attending on-line and external training courses to enhance their knowledge. The Board continued to work closely with its Compliance Manager.

## COMMITTEE MEMBERSHIP AT 31 DECEMBER 2017

Finance	Human Resources	Sales and Marketing	Audit and Risk
Mr N Finlayson – Chairman	Mrs J Dalton – Chairman	Mr M Davies - Chairman	Mrs L Richards-Cole - Chairman
Mr J Greenwood	Mr P W Jackson	Mr J Randel	Mr J Randel
Mr J Randel	Mr J Randel	Mrs L Richards Cole	Mr M Davies
Mr P W Jackson (in attendance)	Mr D Thomas	Mr P Clare	Mr P Clare
Mr P Clare (in attendance)	Mr P Clare		Mrs S Phelan
	Mrs S Phelan		

## FINANCIAL INSTRUMENTS

The Company holds a range of financial investments including both Sterling and Euro cash deposits and stock market investments. The Company's Directors are careful to manage the Company's exposure to any one counterparty and ensure the nature of the financial investments are appropriate to the Company's activities, objectives and the maintenance of the Company's PRA solvency requirement.

**HSF health plan LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and 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 Directors 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 Directors 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 (s. 234ZA (2)).

On behalf of the Board of Directors on 19 March 2018



**JOHN RANDEL, Chairman**



**PAUL CLARE, Managing Director**

## **HSF health plan LIMITED**

### **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The Board of Directors present their Strategic Report for the year ended 31 December 2017.

#### **BACKGROUND AND PRINCIPAL ACTIVITIES**

HSF health plan Limited, a Company Limited by Guarantee, provides a range of health cash plan schemes throughout the United Kingdom and the Republic of Ireland. The original Hospital Saturday Fund was founded in 1873.

#### **THE ASSOCIATION OF THE HOSPITAL SATURDAY FUND**

At the Association General Meeting in October 2017 Mr John Greenwood was re-elected to serve for a further year as Chairman of the Association and the Board of Directors of the charity company. By virtue of this office, he also serves as a Director of HSF health plan Limited.

#### **REVIEW OF THE YEAR**

##### **PREMIUM INCOME AND BENEFIT PAYMENTS**

Total premiums (less Insurance Premium Tax) for the year were £30,232,484 (2016: £27,421,378) Benefits payable (including Personal Accident premiums, helplines and Perk Box) for the year were £22,095,826 (2016: £21,924,525) and represented 73.1% (2016: 79.95%) of premium income.

##### **INVESTMENTS**

The Company's investments decreased in value from £16,255,186 to £15,743,897 comprising net disposals of £1,245,257 (2016 net additions of: £127,342) and combined realised and unrealised gains of £733,968 (2016: £1,332,883).

##### **RESERVES**

The profit for the year of £1,494,541 (2016: £294,899) after taxation has increased the Company's reserves to £19,859,021 at 31 December 2017 (2016: £18,260,396).

##### **PRINCIPAL RISKS**

The Audit and Risk Committee monitor the Company's risk exposure in all areas including investment, operational, financial, human resources, sale and business continuity, with the Committees also monitoring their own areas of risk as well. It advises the Board on risk management and policy, while it also keeps under review the effectiveness of these areas. The Chief Risk Officer (CRO) is the Executive Director accountable for enabling the efficient and effective governance of significant risks, and related opportunities, for the Company and this role is the responsibility of the Managing Director. The Chief Risk Officer reports to the Audit & Risk 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 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. The Audit & Risk Committee meet regularly to review and monitor these and reports to the Board. The Board are satisfied with the risk management policies and procedures in place.

The main activity of the Company is the facilitator of a medical cash plan and with this business activity, comes the need to take carefully managed 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).

## **HSF health plan LIMITED**

### **STRATEGIC REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **SOLVENCY II**

The Solvency II regime, which came into effect on 1 January 2016, has continued throughout 2017. 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 2017 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.

#### **ANNUAL GENERAL MEETING 2017**

The Annual General Meeting was held on 11 May 2017 and was attended by a Member of the Association of The Hospital Saturday Fund acting as 'The Member' attending and voting in accordance with the structures and relationship between The Hospital Saturday Fund and HSF health plan Limited. The Annual Report and Accounts for the year ended 31 December 2016 were adopted.

#### **SALES AND MARKETING**

There was a decrease in new business against prior year of 5.9%, though overall gross premium income increased by 10.5%.

A total of 90 new companies launched HSF schemes for their employees, which has increased from 64 in 2016. The number of policyholders at the year-end was 87,900.

#### **INVESTOR IN PEOPLE AND STAFF TRAINING**

The company remains fully committed to its on-going staff training and development program. During the year the company, once again, experienced a number of successful personal development achievements by members of staff across several departments. In December 2017, the company undertook its 18 month review against the Investors in People Gold standard with an improved score against the last assessment. The company will be re-assessed against a revised standard in June 2019.

#### **APPRECIATION**

The Board would like to extend its thanks to the staff who continue to demonstrate an extremely high level of commitment and dedication in the service they provide to our policyholders.

We would also like to extend our thanks to companies, charities, hospital staff, or individuals who work with us throughout the United Kingdom and Ireland.


#### **SUMMARY**

The Directors are satisfied with the results this year and all profits have been gift aided to The Hospital Saturday Fund.

On behalf of the Board of Directors on 19 March 2018



**JOHN RANDEL, Chairman**



**PAUL CLARE, Managing Director**

#### **HSF Mission Statement**

*Our Mission is: To be recognised as the number one Health Cash Plan provider in the UK and Ireland by offering the best value range of schemes and ensuring a first class service for every policyholder*

## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

### HSF health plan LIMITED

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#### Opinion

We have audited the financial statements of HSF health plan Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

#### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including those 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.

#### Outstanding claims provisions

The valuation of the claims provisions involves assumptions and judgements with potential for a mis-estimation to create a material misstatement. We reviewed and tested the methodologies and assumptions used in calculating the provisions.

#### Foreign currency transactions

A significant portion of the company activity takes place in Ireland and in Euros. There is a risk that use of an incorrect exchange rate when translating into sterling could result in a material misstatement. Rates used to translate Irish activities were reviewed for appropriateness by reference to published rates.

#### Investment valuation

Investments are a highly material balance to the company and there is a risk that any incorrect valuation could result in material error. We agreed a sample of investment valuations directly with independent pricing sources.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**

### **HSF health plan LIMITED**

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#### **Our application of materiality**

We define materiality as the magnitude of misstatement that could reasonably be expected to influence readers and the economic decisions of the users of the financial statements. We use materiality both in planning our audit and in evaluating the results of our work.

We determined planning materiality for the company to be £300,000, which is 1% of earned premiums. Overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the company was 75% of materiality, namely £225,000.

We have agreed to report to the Directors all audit differences in excess of £15,000, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

#### **An overview of the scope of our audit**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, the industry in which it operates and the key audit matters identified above.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report 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 have been prepared in accordance with applicable legal requirements.

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

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.

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**

### **HSF health plan LIMITED**

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

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

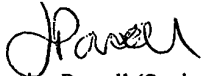
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters which we are required to address**

We were appointed by the directors in 2001. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 17 years.

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

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



Jessica Powell (Senior Statutory Auditor)  
For and on behalf of haysmacintyre, Statutory Auditors  
19 March 2018

10 Queen Street Place  
London  
EC4R 1AG

**HSF health plan LIMITED**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017		2016	
		£	£	£	£
<b>Technical account general business</b>					
Earned premiums					
Gross premiums written		30,316,893		27,614,189	
Change in the gross provision for unearned premiums		(84,409)		(192,811)	
		<u>30,232,484</u>		<u>27,421,378</u>	
Gross premiums earned			30,232,484		27,421,378
Less: reinsurance premiums			(1,205,002)		(1,188,904)
			<u>29,027,482</u>		<u>26,232,474</u>
Net premiums earned			29,027,482		26,232,474
<b>Claims incurred</b>					
Gross claims paid		(20,604,373)		(20,561,174)	
Change in the gross provision for claims outstanding		791		127,195	
		<u>(20,603,582)</u>		<u>(20,433,979)</u>	
			(20,603,582)		(20,433,979)
Net operating expenses	5		(5,679,388)		(5,836,937)
			<u>2,744,512</u>		<u>(38,442)</u>
Balance on the technical account for general business			2,744,512		(38,442)
<b>Non-technical account</b>					
<b>Investment income</b>					
Income from other financial investments		388,273		382,969	
Interest receivable		26,574		25,274	
Realised gains/(loss) - other financial investments		400,179		(140,232)	
Unrealised gains - other financial investments		733,969		1,473,115	
Investment expenses and charges		(122,284)		(125,264)	
		<u>1,426,711</u>		<u>1,615,862</u>	
			1,426,711		1,615,862
Profit on ordinary activities before donations			4,171,223		1,577,420
Donations	6		(2,671,382)		(1,282,192)
			<u>1,499,841</u>		<u>295,228</u>
Profit on ordinary activities before tax	4		1,499,841		295,228
Taxation	8		(5,300)		(329)
			<u>1,494,541</u>		<u>294,899</u>
Profit for the year after tax			1,494,541		294,899

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

The notes on pages 13 to 19 form part of these financial statements.

**HSF health plan LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Profit for the financial year	1,494,541	294,899
Revaluation of freehold property	100,000	-
Movement on deferred tax relating to property revaluation	4,084	23,004
Total comprehensive income for the year	<u>1,598,625</u>	<u>317,903</u>

**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>General Fund</b>	<b>Total Reserves</b>
At 1 January 2016	17,942,493	17,942,493
Profit for the financial year	294,899	294,899
Other comprehensive income	23,004	23,004
Total comprehensive income	<u>317,903</u>	<u>317,903</u>
At 31 December 2016	<u>18,260,396</u>	<u>18,260,396</u>
Profit for the financial year	1,494,541	1,494,541
Other comprehensive income	104,084	104,084
Total comprehensive income	<u>1,598,625</u>	<u>1,598,625</u>
At 31 December 2017	<u>19,859,021</u>	<u>19,859,021</u>

## BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017	2016
		£	£
<b>ASSETS</b>			
<b>Investments</b>			
Land and buildings	9	2,500,000	2,450,000
Other financial investments	10	15,743,897	16,255,185
		<u>18,243,897</u>	<u>18,705,185</u>
<b>Debtors</b>			
Debtors arising out of direct insurance operations:			
- policyholders		2,108,024	1,875,839
Other debtors		838,241	565,105
		<u>2,946,265</u>	<u>2,440,944</u>
<b>Other Assets</b>			
Tangible fixed assets	11	567,494	643,686
Cash at bank and in hand		2,243,077	1,455,891
		<u>2,810,571</u>	<u>2,099,577</u>
<b>Prepayments and Accrued Income</b>		<u>277,854</u>	<u>243,542</u>
<b>TOTAL ASSETS</b>		<u>24,278,587</u>	<u>23,489,248</u>
<b>LIABILITIES</b>			
<b>Reserves</b>			
General fund	13	19,859,021	18,260,396
<b>Technical Provisions</b>			
Provision for unearned premiums		903,832	819,423
Provision for claims outstanding		2,491,752	2,492,543
		<u>3,395,584</u>	<u>3,311,966</u>
<b>Provisions for Other Risks and Charges</b>			
Provision for deferred taxation	12	176,916	176,159
<b>Creditors</b>			
Other creditors including taxation and social security		847,066	460,035
Amounts owed to the parent		-	1,280,692
		<u>847,066</u>	<u>1,740,727</u>
<b>TOTAL LIABILITIES</b>		<u>24,278,587</u>	<u>23,489,248</u>

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2018 and were signed below on its behalf by:



JOHN RANDEL, Chairman



PAUL CLARE, Managing Director

The notes on pages 13 to 19 form part of these financial statements.

**HSF health plan LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Reconciliation of profit on ordinary activities to net operating cash flows</b>		
Profit on ordinary activities	1,494,541	317,903
Taxation	4,841	(22,675)
Unrealised gains on other financial investments	(733,969)	(1,473,115)
Realised (gain)/loss on other financial investments	(400,179)	140,232
Income from other financial investments and cash	(414,847)	(408,243)
Depreciation	306,246	296,907
Increase in premiums due and other debtors	(539,633)	(255,091)
(Decrease) / Increase in benefit claims and other creditors	(810,043)	896,643
<b>Net cash flow from operating activities</b>	<u>(1,093,043)</u>	<u>(507,439)</u>
<b>Cash flows from investing activities</b>		
Income received from other financial investments	388,273	382,969
Interest received	26,574	25,274
Purchases of tangible fixed assets	(180,054)	(165,643)
Purchases of other financial investments	(3,012,512)	(6,039,858)
Sales of other financial investments	4,657,948	5,912,415
<b>Net cash flow from investing activities</b>	<u>1,880,229</u>	<u>115,157</u>
 Increase/(Decrease) in cash holdings	 787,186	 (392,282)
Cash and cash equivalents at 1 January 2017	1,455,891	1,848,173
Cash and cash equivalents at 31 December 2017	<u>2,243,077</u>	<u>1,455,891</u>
 <b>Analysis of cash and cash equivalents</b>		
Cash in hand	2,243,077	1,455,891
<b>Total cash and cash equivalents</b>	<u>2,243,077</u>	<u>1,455,891</u>

## **HSF health plan LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1. COMPANY INFORMATION**

HSF health plan Limited, a company limited by guarantee incorporated in the United Kingdom. Its registered office is 24 Upper Ground, London, SE1 9PD.

#### **2. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with:

- the provisions of Schedule 3 to the Companies Act 2006, which cover disclosures applicable to insurance companies;
- the Association of British Insurers' ("ABI") Statement of Recommended Practice on Accounting for Insurance Business ("SORP") issued in December 2005, and
- applicable accounting standards, including Financial Reporting Standard 102 ('FRS 102').

##### **(a) 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.

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

All premiums arise in the United Kingdom and Ireland.

##### **(b) 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.

##### **(c) Acquisition Costs**

The costs of acquiring new business are recognised in the year to which they relate.

##### **(d) Depreciation**

Depreciation is 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 fully depreciated in the year of acquisition. The other rates used are as follows:

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

##### **(e) Translation of Foreign Currency**

Transactions in foreign currencies are converted monthly at the relevant monthly average 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 Income Statement.

**HSF health plan LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. ACCOUNTING POLICIES (continued)**

**(f) Pension Costs**

The Company makes contributions to employees' group personal pension plans. The pension cost charge represents contributions payable by the Company to the group personal pension plans in respect of the year.

**(g) Investments**

Land and buildings occupied by the Company for its own purposes are stated at valuation less depreciation.

Listed investments are included in the balance sheet at market value. Unrealised gains and losses on the revaluation of listed investments are taken to the Income Statement.

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.

**(h) Deferred Taxation**

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.

**(i) Operating leases**

Rental costs payable under operating leases are charged to Income Statement over the period of each lease.

**(j) Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like debtors arising out of direct insurance operations, trade payables, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

**(k) Significant judgements and estimates**

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

**3. PREMIUM INCOME**

The Company is engaged in only one class of business all of which arises in the United Kingdom and Ireland.



**HSF health plan LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax is stated after		
Charging/(crediting):		
Depreciation - owned assets (Note 9 and 11)	306,246	296,907
Auditors' remuneration - audit (including VAT)	26,400	30,900
- other (including VAT)	-	6,780
Operating leases - motor vehicles and office equipment	127,821	152,281
Foreign exchange gain	(122,669)	(304,770)
<b>5. NET OPERATING EXPENSES</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Staff costs	3,462,989	3,625,072
Other administrative expenses	1,868,373	1,683,357
Sales and marketing expenses	348,026	528,508
	<u>5,679,388</u>	<u>5,836,937</u>
<b>6. DONATIONS</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
The following donations were made under Gift Aid to registered charities		
The Hospital Saturday Fund	2,671,382	1,280,692
Other	-	1,500
	<u>2,671,382</u>	<u>1,282,192</u>
<b>7. STAFF COSTS</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,707,978	2,825,653
Social security costs	313,498	341,785
Other pension costs (see note 14)	441,513	457,634
	<u>3,462,989</u>	<u>3,625,072</u>
Staff costs of Directors including emoluments	<u>500,993</u>	<u>502,511</u>
Highest paid Director : Emoluments including benefits-in-kind and pension	<u>225,753</u>	<u>233,456</u>
Contributions totalling £67,600 (2016: £67,067) were made to group personal pension plans in respect of 3 Directors (2016: 4 Directors).		
Key management personnel are the Executive Directors and Head of Departments and total remuneration of key management personnel is £715,153 (2016: £960,705). Due to a restructure, more personnel were considered key management personnel in 2016.		
The average number of persons employed during the year was:		
Sales	20	22
Administration	55	48
	<u>75</u>	<u>70</u>

**HSF health plan LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2017****8. TAXATION**

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

	2017 £	2016 £
Corporation tax (see below)	5,300	329
Movement on deferred tax provision on property revaluation	(4,084)	(23,004)
	<u>1,216</u>	<u>(22,675)</u>

The tax assessed for the year differs from the standard corporation tax rate in the UK of 19.25% (2016: 20%).

The differences are explained below:

Profit on ordinary activities before tax	1,499,841	295,228
Corporation tax at the standard rate of 19.25% thereon (2016: 20%)	288,668	59,045
Effects of:		
Amounts not deductible for tax purposes	7,144	1,159
Fixed asset differences	14,188	14,625
Non taxable income	-	(274)
Dividend and distribution income	(62,828)	(70,872)
Adjust closing deferred tax to average rate	(28,805)	(1,896)
Marginal relief	-	-
Adjustment for profits gift aided to parent within 9 months	(213,067)	-
Income tax recoverable	-	(1,868)
Other permanent differences	-	410
Corporation tax on profit/(loss) on ordinary activities	<u>5,300</u>	<u>329</u>

**9. LAND AND BUILDINGS**

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 previously valued in 2016 at £2,500,000 and on 23 February 2018, a full revaluation was performed and the property was valued at £2,500,000 on an open market basis by Dunsin Surveyors, Chartered Surveyors. The carrying value of the property as at 31 December 2017 if it were carried under the cost method is £509,950. At the date of the revaluation the directors believed the property had a useful economic life of at least 50 years.

	2017 £
<b>At Valuation</b>	
At 1 January 2017	2,500,000
Revaluation	-
	<u>2,500,000</u>
<b>Depreciation</b>	
At 1 January 2017	50,000
Charge for the year	50,000
Revaluation	(100,000)
At 31 December 2017	-
<b>Net book value</b>	
At 31 December 2017	<u>2,500,000</u>
At 31 December 2016	<u>2,450,000</u>

**HSF health plan LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>10. OTHER FINANCIAL INVESTMENTS</b>	<b>2017 £</b>	<b>2016 £</b>
<b>At market value</b>		
United Kingdom investments	4,824,483	4,840,172
Overseas investments	5,210,786	5,909,377
Bonds	3,239,149	3,178,656
Other	2,469,479	2,326,980
	<u>15,743,897</u>	<u>16,255,185</u>

The cost of other financial investments as at 31 December 2017 was £14,490,181 (2016: £14,023,070).

**Reconciliation of movement in the year**

Market value at 1 January 2017	16,255,185	14,794,960
Additions	3,012,512	6,039,858
Disposals	(4,257,769)	(6,052,748)
Unrealised gain on investments	733,969	1,473,115
Market value at 31 December 2017	<u>15,743,897</u>	<u>16,255,185</u>

<b>11. TANGIBLE FIXED ASSETS</b>	<b>Furniture and Equipment £</b>
<b>Cost</b>	
At 1 January 2017	2,004,831
Additions	180,054
Disposals	(773,654)
At 31 December 2017	<u>1,411,231</u>
<b>Depreciation</b>	
At 1 January 2017	1,361,145
Charge for year	256,246
Disposals	(773,654)
At 31 December 2017	<u>843,737</u>
<b>Net book value</b>	
At 31 December 2017	<u>567,494</u>
At 31 December 2016	<u>643,686</u>

**12. PROVISION FOR DEFERRED TAXATION**

	<b>Liability on Property revaluation £</b>	<b>Short term timing difference £</b>	<b>Fixed asset- timing differences £</b>	<b>Total £</b>
At 1 January 2017	(149,994)	-	(26,165)	(176,159)
Income Statement	-	-	(4,841)	(4,841)
Other comprehensive income	4,084	-	-	4,084
At 31 December 2017	<u>(145,910)</u>	<u>-</u>	<u>(31,006)</u>	<u>(176,916)</u>

**HSF health plan LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2017****13. RESERVES**

	<b>General Fund £</b>	<b>Total £</b>
At 1 January 2017	18,260,396	18,260,396
Retained profit for the year	1,494,541	1,494,541
Other comprehensive income	104,084	104,084
At 31 December 2017	<u>19,859,021</u>	<u>19,859,021</u>

**14. PENSION COSTS**

The Company makes contributions to group personal pension plans. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable for the year by the Company to the personal pension plans and amounted to £441,513 (2016: £457,634).

At the balance sheet date, there were outstanding contributions of £29,887 (2016: £Nil).

**15. CONTINGENT LIABILITIES**

No provision has been made for any levy which the Company may be called upon to pay under the provisions of the Policyholders Protection Act 1975. The maximum amount of any such levy in respect of the current financial year would be £303,169 (2016: £276,142).

The company may have a liability to a pension scheme to which certain employees formerly belonged. The Directors are advised that the potential liability should not exceed £250,000, and the timing of any payment is uncertain. No provision has been made in respect of any potential liability.

**16. FINANCIAL INSTRUMENTS**

	<b>2017 £</b>	<b>2016 £</b>
Financial assets measured at fair value through profit or loss	<u>15,743,897</u>	<u>16,255,185</u>
Financial assets measured at amortised cost	<u>2,946,265</u>	<u>2,439,579</u>
Financial liabilities measured at amortised cost	<u>4,242,650</u>	<u>3,783,683</u>

Financial assets measured at fair value through profit or loss, comprise listed investments.

Financial assets measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise technical provisions and other creditors.

**HSF health plan LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2017**

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**17. OPERATING LEASE COMMITMENTS**

At 31 December 2017, the Company had future minimum rentals payable under operating leases, which expire as follows:

	2017		2016	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	21,566	96,879	19,104	89,714
In the second to fifth years inclusive	46,726	59,726	57,407	66,122
In more than five years	-	-	-	-
	<u>68,292</u>	<u>156,605</u>	<u>76,511</u>	<u>155,836</u>

**18. RESERVES**

General fund represents accumulated profits after tax of the year and prior periods.

**19. ULTIMATE PARENT UNDERTAKING/ULTIMATE CONTROLLING PARTY**

The Company's ultimate parent undertaking is The Hospital Saturday Fund, a Charitable Company registered in England and Wales. The Directors consider there to be no ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated is that headed by The Hospital Saturday Fund. The statutory accounts of The Hospital Saturday Fund are available from Companies House.

**HSF health plan LIMITED****DETAILED CLAIMS PAID****FOR THE YEAR ENDED 31 DECEMBER 2017**

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<b>GROSS CLAIMS PAID</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Hospital	2,608,187	2,788,723
Day case	602,378	594,795
Recuperation	222,188	237,746
Birth Grant	887,715	932,107
Specialists/investigations	2,649,107	2,566,420
Dental/optical	9,674,447	9,554,036
Home help	10,334	8,680
Practitioners	2,406,989	2,375,054
General Practitioners/Prescriptions/Emergency department	1,383,287	1,372,414
Surgical appliances/hearing aids	158,950	131,199
	<u>20,603,582</u>	<u>20,561,174</u>