

30869

THE HOSPITAL SATURDAY FUND
A Company Limited by Guarantee No. 30869
Founded in 1873 Incorporated 1890

**The Hospital
 Saturday Fund**



Officers and Advisers 2001– 2002

President	The Right Honourable The Lord Mayor of London	
Vice-Presidents	The Right Honourable The Earl of Meath The Right Honourable The Lord Provost of Glasgow The Right Honourable The Lord Mayor of Dublin The Right Honourable The Lord Mayor of Belfast Mr K Fleming Roberts MWI	
Life Members	Mr F Barnes Miss D O Denton JP Mr L I Fellman Mrs P Shaw Mr E W Smith Mr W N Smith ACIS FIPPM	
Chairman	Mr J Greenwood	
Vice Chairman	Mr D Thomas	
Medical Adviser	Dr I J Sawtell MB BS MSc MFOM BA	
Bankers	HSBC Ulster Bank Limited Bank of Ireland	
Solicitors	Iliffes Booth Bennett Campbell Riddell Breeze Patterson Eugene P Kearns	
Auditors	haysmacintyre, Chartered Accountants	
Investment Managers	Gerrard Limited	
Chief Executive	Mr K R Bradley MCMi	
Head Office	24 Upper Ground LONDON SE1 9PD Telephone: 020 7928 6662 Fax: 020 7928 0446 E-mail: sales@hsf.eu.com	
Regional Offices	Olympic House Suite D, 5 th Floor 142 Queen Street GLASGOW G1 3BU Telephone: 0141 221 1711 Fax: 0141 248 3992 E-mail: glasgow@hsf.eu.com	14 The Anchorage Charlotte Quay Ringsend Road DUBLIN 4 Telephone: 01 6600890 Fax: 01 6600898 E-mail: dublin@hsf.eu.com

A Member Organisation of the



INVESTOR IN PEOPLE



THE HOSPITAL SATURDAY FUND

THE REPORT OF THE BOARD OF DIRECTORS

For the year ended 31st March 2002

BOARD OF DIRECTORS 2001-2002

Chairman: Mr J Greenwood

Executive:	Non-Executive:	
Mr K R Bradley MCMI	Mr D C Barnes	Mr D L Sawers ACII CIP
Mr S R Duff	Mr G R M Hind	Mr D Thomas
Mr P W Jackson MSc BA(Hons)	Mr A M Rees BA FCIPD	Mrs L M C Warner RGN SCM

COMMITTEE MEMBERSHIP

Audit:	Human Resources:	Sales and Marketing:
Mr D C Barnes – Chairman	Mrs L M C Warner – Chairman	Mr D Thomas – Chairman
Mr J Greenwood	Mr K R Bradley	Mr K R Bradley
Mr D L Sawers	Mr J Greenwood	Mr S R Duff
	Mr A M Rees	Mr G R M Hind

INTRODUCTION

The Board of Directors is pleased to present the 128th Annual Report and the audited Financial Statements for the year ended 31st March 2002.

BACKGROUND AND PRINCIPAL ACTIVITIES

The Hospital Saturday Fund, a Company Limited by Guarantee, is a health cash plan organisation. Founded in 1873, the Fund has adapted to the needs of the times, particularly since the National Health Service came into being in 1948. Contributors' interests are represented by Association Members who, in turn, elect the Honorary Officers and Directors.

CHARITABLE DONATIONS

The Fund continued to support the Hospital Saturday Fund Charitable Trust by providing the sum of £139,996 made up of £70,687 under Gift Aid and a gift of shares amounting to £69,309. A reception generously hosted by Glasgow City Council was attended by around 70 guests invited by the Fund and the Trust in March 2002. This was held within the historic surroundings of Glasgow City Chambers and was a very enjoyable occasion. Bailie Josephine Dodds, deputising for the Lord Provost, a Vice-President of the Fund, presented donation cheques to 25 different Scottish based organisations. We were also honoured to have with us the Lord Dean of Guild and the Deacon Convenor of the Trades of Glasgow.

CONTRIBUTION INCOME AND BENEFIT PAYMENTS

Total contributions (less Insurance Premium Tax) have increased by 14.6% to £11,140,473. Benefits payable (including Personal Injury premiums and helplines) increased by 23.8% to a total of £8,263,058. These benefits represented 74.2% of contribution income.

FIXED ASSETS

Changes in tangible fixed assets are shown in Note 10 of the financial statements

THE HOSPITAL SATURDAY FUND

THE REPORT OF THE BOARD OF DIRECTORS (continued)

For the year ended 31st March 2002

INVESTMENTS AND RESERVES

The market value of our investments decreased by £692,512 to £6,116,945. The revenue surplus after taxation of £188,879 has increased the Fund's reserves to £10,532,783.

BOARD OF DIRECTORS

In April 2001 Mr John Greenwood was re-elected to serve for a second year as Chairman. Mr Graham Hind, who had been co-opted to serve during the previous year, was formally elected as a Non Executive Director for a three year term and Mr Derek Sawers was elected for the first time for a three year term. That month also saw the conclusion of a long period of service to the Fund on the retirement of Mr Bill Smith. In total he had served for 23 years as a Director and latterly as Chairman of the Audit Committee. The Board has continued to function effectively as have its three Committees – Audit, Human Resources and Sales and Marketing.

The regulation of the Financial Services Authority has brought a requirement to ensure that certain standards and procedures are operating. The Board appointed Mr Paul Jackson, Finance Director, to act as Compliance Officer and near the conclusion of the year covered by this report commissioned a Risk Assessment to be conducted.

INVESTOR IN PEOPLE

The Board was exceptionally pleased when the *Investor in People* recognition was granted in the Summer of 2001 and the very complimentary remarks made by the assessor made everyone proud to have been associated with the whole process. Work continues to maintain the standard and it is hoped that during the next financial year *Excellence Through People* will be awarded in Ireland.

SALES AND MARKETING

Membership continued to grow throughout the year again, particularly in the higher value schemes. In total some 16,000 new contributors were enrolled (the same number as the previous year) bringing the total to 100,000. We enrolled nearly 70 new companies, which was almost twice as many as the previous year.

In the Autumn of 2001 an additional scheme was added to our range – Extra Cover D with a contribution rate of £12 p.w. At this time an opportunity was taken to make more enhancements to our benefits in the form of eye laser treatment, allergy testing, help lines for medical information, stress counselling and legal matters and an information line for private medical treatment sourcing. HSF is the first Health Cash Plan to offer the latter as a benefit.

The Direct Member Schemes range in the UK was updated, also in the Autumn of 2001, and the scheme titles now reflect a monthly contribution rate (the frequency used by most contributors) rather than a weekly one.

In Ireland conversion to the range of schemes with euro titles has been much slower than anticipated, even though the new benefits introduced there in November 2000 have proved to be attractive. It is intended that all contributors in Ireland will be on a euro titled scheme by the Autumn of 2002.

It was interesting to note that six years ago only 15% of the membership were paying a contribution rate of £3 p.w. and over (Schemes 300 UK, 425 Ireland) but now it is just over 60%.

THE HOSPITAL SATURDAY FUND

THE REPORT OF THE BOARD OF DIRECTORS (continued)

For the year ended 31st March 2002

NEW VENTURE

Last year it was indicated that the Fund had been selected by Benenden Healthcare Society to underwrite their Cash Plan to be marketed under the title of *Best Health*. The plan was launched in May 2001 and during the year of this report a start was made in mailing Benenden's members. The take-up of the Cash Plan has been encouragingly high and at the year end there were over 1,000 registrations.

ANNUAL GENERAL MEETING 2001

The Clothworkers' Hall, London was a new venue to us for the meeting which was held on 30 October 2001. The Lord Mayor Elect of London, Alderman Michael Oliver, was elected as President and the Vice-Presidents elected were the Earl of Meath, the Lord Provost of Glasgow, the Lord Mayor of Dublin, the Lord Mayor of Belfast, Mr K Fleming Roberts. The Guest Speaker was the television personality Esther Rantzen, Chairman of ChildLine. She gave an interesting insight into the work of ChildLine as well as entertaining the audience with some stories of her work in television and journalism. Ms Rantzen also presented the *Investor in People* plaque to the Chief Executive which now proudly hangs on the wall in the entrance hall at the Head Office.

BRITISH HEALTH CARE ASSOCIATION

The Annual Conference in September 2001 was held in Solihull with the Birmingham Hospital Saturday Fund providing generous hospitality and entertainment. Keith Bradley was elected as a Vice-President of the BHCA for a further year and has continued to serve as Chairman of the External Relations Committee.

The importance of belonging to a trade association and actively participating in its work has been demonstrated by the recognition of the BHCA as an important trade body by the Financial Services Authority and the Financial Ombudsman Service. Several meetings have also been held with key Members of Parliament with Government and Shadow roles and Peers.

APPRECIATION

Although offering similar expressions of thanks each year, the Directors are nevertheless very grateful for the helpful co-operation and assistance which the Fund receives. Employers who operate payroll deduction facilities and allow recruitment on their premises; the workplace representatives who continually give encouragement to their colleagues to join the Fund and the hospitals whose staff validate our claim forms all provide a service without which the Fund could not continue to operate.

The Directors, both Executive and Non-Executive, are particularly grateful to the valuable contribution made by all members of the Fund's staff throughout the year. To be able to state time and time again that there have been great achievements in both the UK and Ireland is a remarkable situation and gives even more confidence in the Fund's future.

JOHN GREENWOOD, *Chairman*



KEITH R BRADLEY, *Chief Executive*



18 July 2002

HSF Mission Statement

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

THE HOSPITAL SATURDAY FUND

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those 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 1985. 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.

THE HOSPITAL SATURDAY FUND

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ASSOCIATION OF THE HOSPITAL SATURDAY FUND

We have audited the financial statements of The Hospital Saturday Fund for the year ended 31 March 2002 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

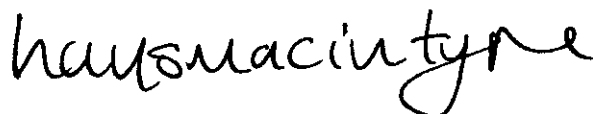
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



haysmacintyre
Chartered Accountants
Registered Auditors

Southampton House
317 High Holborn
London
WC1V 7NL

18 July 2002

THE HOSPITAL SATURDAY FUND

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002		2001	
		£	£	£	£
Technical account general business					
Earned premiums					
Gross premiums written		11,140,473		9,719,432	
Change in the gross provision for unearned premiums		(45,435)		(7,908)	
Gross premiums earned			11,095,038		9,711,524
Less: reinsurance premiums			(772,741)		(624,064)
Net premiums earned			10,322,297		9,087,460
Allocated investment return transferred from the non-technical account			339,500		41,710
Claims incurred	3				
Gross claims paid		(7,476,013)		(5,983,694)	
Change in the gross provision for claims outstanding		(14,304)		(67,045)	
			(7,490,317)		(6,050,739)
Net operating expenses	5		(2,982,042)		(2,575,974)
Investment expenses and charges			(27,883)		(24,092)
Balance on the technical account for general business			161,555		478,365
Non-technical account					
Investment income					
Income from listed investments		163,454		169,552	
Interest receivable		98,270		95,869	
Gains on the realisation of investments		100,501		38,359	
Unrealised gains/(losses) - Land and buildings		156,086		-	
- Other financial investments		(178,811)		(262,070)	
			339,500		41,710
Allocated investment return transferred to the technical account			(339,500)		(41,710)
Surplus on ordinary activities before tax	4		161,555		478,365
Taxation	7		27,324		68,328
Surplus for the year after tax			188,879		546,693
General fund at 1 April			10,343,904		9,797,211
General fund at 31 March			10,532,783		10,343,904

The surplus on ordinary activities before taxation is wholly attributable to continuing activities. The Fund has no recognised gains or losses other than the surplus for the year.

THE HOSPITAL SATURDAY FUND

BALANCE SHEET

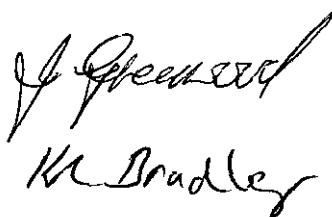
AS AT 31 MARCH 2002

	Notes	2002 £	2001 £
ASSETS			
Investments			
Land and buildings	8	1,304,468	1,173,398
Other financial investments	9	6,116,945	6,809,457
		<u>7,421,413</u>	<u>7,982,855</u>
Debtors			
Debtors arising out of direct insurance operations:			
- policyholders		836,841	750,843
- other debtors		20,830	16,624
		<u>857,671</u>	<u>767,467</u>
Other Assets			
Tangible fixed assets	10	234,385	311,171
Cash at bank and in hand		3,415,284	2,714,852
		<u>3,649,669</u>	<u>3,026,023</u>
Payments and Accrued Income			
Other prepayments and accrued income		88,631	60,869
		<u>12,017,384</u>	<u>11,837,214</u>
LIABILITIES			
General fund		10,532,783	10,343,904
Technical Provisions			
Provision for unearned premiums		297,186	251,751
Provision for claims outstanding		296,815	340,897
		<u>594,001</u>	<u>592,648</u>
Provisions for other Risks and Charges			
Provision for deferred taxation	11	708,298	735,622
Creditors			
Other creditors including taxation and social security		182,302	165,040
		<u>12,017,384</u>	<u>11,837,214</u>

Approved by the Directors on 18 July 2002

JOHN GREENWOOD, Chairman

KEITH R BRADLEY, Chief Executive



THE HOSPITAL SATURDAY FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2002

	2002 £	2001 £
Reconciliation of surplus on ordinary activities		
Before tax to net operating cash flows		
Surplus on ordinary activities before tax	161,555	478,365
Unrealised losses on investments and property	22,725	262,070
Profits on the realisation of investments	(100,501)	(38,359)
	<u>83,779</u>	<u>702,076</u>
Depreciation	156,539	140,504
(Increase)/decrease in contributions due and other debtors	(117,966)	(39,339)
Increase/(decrease) in benefit claims and other creditors	18,615	(48,512)
	<u>140,967</u>	<u>754,729</u>
CASH FLOW STATEMENT		
Net cash inflow from operating activities	140,967	754,729
Taxation refunded	-	2,700
Capital expenditure (Note A)	(54,737)	(145,622)
	<u>86,230</u>	<u>611,807</u>
Cash flows were invested as follows:		
Increase in cash holdings	700,432	402,065
Net portfolio investments (Note A)	(614,202)	108,053
	<u>86,230</u>	<u>510,118</u>
Net cash inflow for the period (Note B)		
Cash flow	700,432	402,065
Portfolio investments	(614,202)	108,053
	<u>86,230</u>	<u>510,118</u>
Movement arising from cash flows	(78,310)	(122,022)
	<u>7,920</u>	<u>388,096</u>
Total movement in cash and portfolio investments	7,920	388,096
Portfolio investments and cash net of financing at 1 April 2001	9,524,309	9,136,213
	<u>9,532,229</u>	<u>9,524,309</u>
Portfolio investments and cash at 31 March 2002		

THE HOSPITAL SATURDAY FUND

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2002

A GROSS CASH FLOWS

	2002 £	2001 £
Capital Expenditure		
Purchase of tangible fixed assets - Other	(54,737)	(145,622)
	<u>(54,737)</u>	<u>(145,622)</u>
Portfolio Investments		
Purchases of investments	(201,341)	(339,075)
Sales of investments	815,543	231,022
	<u>614,202</u>	<u>(108,053)</u>

B MOVEMENT IN CASH AND PORTFOLIO INVESTMENTS

	At 1.4.2001 £	Cash flows £	Changes in Market Values £	At 31.3.2002 £
Cash in hand and at bank	2,714,852	700,432	-	3,415,284
Listed investments	6,809,457	(614,202)	(78,310)	6,116,945
	<u>9,524,309</u>	<u>86,230</u>	<u>-</u>	<u>9,532,229</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

1 ACCOUNTING POLICIES

Except as detailed below, the financial statements have been prepared in accordance with the provisions of Section 255 and Schedule 9A to the Companies Act 1985, which cover disclosures applicable to insurance companies.

Schedule 9A of the Companies Act 1985 sets out the requirements for the format of the accounts of insurance companies and does not include the caption "Income and Expenditure Account". The Board has incorporated an income and expenditure account in order for the accounts to show a true and fair view. Their reason for incorporating this account is that The Hospital Saturday Fund is a mutual insurance company which does not trade with a view to profits or any distribution of profits as dividends to members. Accordingly, to incorporate a profit and loss account would be misleading and would not give a true and fair view.

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention modified to incorporate the revaluation of freehold land and buildings and other financial investments.

(b) Premiums

Earned premiums represent contributions from members for the year, excluding insurance premium tax and including an estimate of amounts due on 31 March 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.

(c) Claims Incurred

Claims incurred represent benefits payable to members for the year, and include provision for claims in respect of the period to 31 March settled after that date.

(d) Acquisition Costs

The costs of acquiring new business which are incurred during the financial year, but which relate to a subsequent year are deferred to the extent that they relate to unearned premiums at the balance sheet date. During the current and preceding financial year such costs were not material and therefore are not separately disclosed.

(e) Depreciation

Depreciation is calculated to write off the cost less estimated residual value of assets in equal instalments over their expected useful lives. The rates used are as follows:

Freehold and long leasehold properties	2%
Furniture and equipment	20%
Computer equipment	25%

(f) Translation of Foreign Currency

Transactions in foreign currencies are converted monthly at the relevant month end rates of exchange. At the year end assets and liabilities are converted at the exchange rates ruling at that date. Exchange differences are dealt with through the Income and Expenditure Account.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

1 ACCOUNTING POLICIES (continued)

(g) Pension Costs

The Fund operates a defined contribution pension scheme providing benefits for certain employees and makes contributions to employees' personal pension plans. The pension cost charge represents contributions payable by the Fund to the scheme in respect of the year.

(h) Investments

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

Listed investments are included in the balance sheet at mid-market value. Unrealised gains and losses on the revaluation of listed investments are taken to the Technical Account.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and mid-market value at 31 March 2001.

(i) Deferred Taxation

Full provision is made for deferred tax in respect of all non-permanent timing differences that have originated but not reverted at the balance sheet date.

(j) Leases

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

2 CONTRIBUTION INCOME

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

3 CLAIMS INCURRED

	2002 £	2001 £
Hospital	1,985,768	1,691,512
Day case	146,863	117,249
Recuperation	197,621	163,567
Maternity	550,840	439,043
Specialists/Investigations	445,101	314,692
Optical/dental	3,511,241	2,896,972
Home help	19,300	14,204
Practitioners	452,580	322,102
General Practitioners	181,003	91,398
	<u>7,490,317</u>	<u>6,050,739</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

4 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

	2002 £	2001 £
Surplus on ordinary activities before tax is stated after charging/(crediting):		
Depreciation - owned assets	156,539	140,504
Auditors' remuneration - audit	13,219	11,850
- other	2,937	8,628
Operating leases - computer equipment	14,504	43,518
- others	90,025	76,670
Foreign exchange losses/(gains)	15,422	(6,736)
Recharge of administrative expenses to The Hospital Saturday Fund Charitable Trust	<u>(16,285)</u>	<u>(15,510)</u>

5 NET OPERATING EXPENSES

	2002 £	2001 £
Donation to Charitable Trust	140,036	128,205
Staff costs	1,616,914	1,456,799
Other administrative expenses	799,022	640,407
Sales/marketing expenses	426,070	350,563
	<u>2,982,042</u>	<u>2,575,974</u>

The donation represents amounts paid under Gift Aid to The Hospital Saturday Fund Charitable Trust, a registered charity.

6 STAFF COSTS

	2002 £	2001 £
Wages and salaries	1,329,325	1,192,551
Social security costs	132,912	124,824
Other pension costs	154,677	139,424
	<u>1,616,914</u>	<u>1,456,799</u>
Staff costs of directors including emoluments for the year	<u>218,392</u>	<u>200,476</u>
Highest paid director : Emoluments including benefits-in-kind	<u>87,212</u>	<u>83,402</u>

Contributions totalling £34,269 (2001: £28,409) were made to a defined contribution pension scheme in respect of 3 directors (2001 : 3 directors).

	Number	Number
The average number of persons employed during the year was:		
Sales	19	19
Administration	31	28
	<u>50</u>	<u>47</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

7 TAXATION

Corporation tax is payable at 20% (2001: 20%) on investment income (except UK dividends), bank deposit interest and capital gains less charges on income. The charge/(credit) for taxation in the Income and Expenditure account is made up as follows. The tax charge for the year is relieved by way of charges on income and available capital losses.

On investment income, bank deposit interest and capital gains	2002 £	2001 £
Under/(over) provision in respect of prior years	-	(3,950)
Deferred taxation	(27,324)	(64,378)
	<u>(27,324)</u>	<u>(68,328)</u>

From 1 April 2002 the Fund will be taxable on all income derived from its activities, due to the loss of its mutual status for tax purposes.

8 LAND AND BUILDINGS

The Fund owns a freehold property at 24 Upper Ground, London SE1 9PD and a long leasehold property at 14 The Anchorage, Charlotte Quay, Ringsend Road, Dublin 4. Both properties are used for the Fund's own activities. On 2 May 2002, the Head Office property at 24 Upper Ground, London SE1 9PD was valued on an open market basis by Keith Lumley, Chartered Surveyors at £1,000,000. On 12 March 2002 the property at 14 The Anchorage, Charlotte Quay, Ringsend Road, Dublin 4 was valued on an open market basis by DTZ Sherry Fitzgerald, Chartered Surveyors at £356,250.

	London £	Dublin £	Total £
At Cost/Valuation			
At 1 April 2001	1,000,000	215,638	1,215,638
Revaluation	-	140,612	140,612
	<u>1,000,000</u>	<u>356,250</u>	<u>1,356,250</u>
Comprising:-			
Cost	-	-	-
Valuation	1,000,000	356,250	1,356,250
	<u>1,000,000</u>	<u>356,250</u>	<u>1,356,250</u>

The total historical cost of freehold and long leasehold property at 31 March 2002 is £1,038,138 (2001: £1,038,138)

Depreciation

At 1 April 2001	30,000	12,240	42,240
Charge for the year	20,000	5,016	25,016
Revaluation	-	(15,474)	(15,474)
	<u>50,000</u>	<u>1,782</u>	<u>51,782</u>
At 31 March 2002			
Net book value			
At 31 March 2002	<u>950,000</u>	<u>354,468</u>	<u>1,304,468</u>
At 1 April 2001	<u>970,000</u>	<u>203,398</u>	<u>1,173,398</u>

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

9 OTHER FINANCIAL INVESTMENTS

	2002	2001
	£	£
At market value		
United Kingdom equities	5,623,657	6,174,673
European Unit Trusts	332,585	365,847
Canadian equities	-	95,923
US Unit Trusts	160,703	173,014
	<u>6,116,945</u>	<u>6,809,457</u>

The cost of listed investments at 31 March 2002 was £2,275,160 (2001: £2,790,770).

10 TANGIBLE FIXED ASSETS

	Furniture and Equipment £
Cost	
At 1 April 2001	690,383
Additions	54,737
	<u>745,120</u>
At 31 March 2002	
Depreciation	
At 1 April 2001	379,212
Charge for year	131,523
	<u>510,735</u>
At 31 March 2002	
Net book value	
At 31 March 2002	<u>234,385</u>
At 1 April 2001	<u>311,171</u>

11 PROVISION FOR DEFERRED TAXATION

	2002	2001
	£	£
At 1 April 2001	735,622	800,000
Transfer to income and expenditure account	(27,324)	(64,378)
	<u>708,298</u>	<u>735,622</u>
At 31 March 2002		

Provision is made for deferred tax on the assumption that the Fund's other financial investments were sold for their market value at the balance sheet date.

THE HOSPITAL SATURDAY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2002

12 PENSION COSTS

The Fund operates a defined contribution pension scheme and makes contributions to employees' personal pension plans. The assets of the scheme are held separately from those of the Fund in an independently administered fund. The pension cost charge represents contributions payable for the year by the Fund to the scheme and personal pension plan and amounted to £154,677 (2001: £139,424).

At the balance sheet date, there were no outstanding or prepaid contributions (2001 : £Nil).

13 OPERATING LEASE COMMITMENTS

At 31 March 2002, the Fund had annual commitments under operating leases which expire as follows:

	2002		2001	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	-	7,660	1,500	30,561
In the second to fifth years inclusive	-	72,228	-	48,977
	<u>-</u>	<u>79,888</u>	<u>1,500</u>	<u>79,538</u>

14 CONTINGENT ASSETS AND LIABILITIES

No provision has been made for any levy which the Fund 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 £111,000 (2001: £97,000).

Compensation receivable has been agreed in respect of certain transactions. The compensation was subject to a non-disclosure clause and further disclosure would therefore seriously prejudice the Fund's position.

15 INSURANCE PREMIUM TAX

Insurance premium tax of £338,525 (2001: £312,861) has been incurred during the year and has already been deducted from gross premiums earned.

16 RELATED PARTY TRANSACTIONS

During the year, the following transactions transpired with The Hospital Saturday Fund Charitable Trust, a charity administered by the Fund.

- annual donation of £139,996 was made (2001: £128,205)
- management fee of £16,285 receivable (2001: £15,510)

At 31 March 2002, the Charitable Trust owed the Fund £81 (2001: £Nil)