St Christopher Health Fund

your | HEALTH
ST. CHRISTOPHER HEALTH FUND

Annual Report and Statement of Accounts of the St Christopher Health Fund

Year ended 31 March 2016

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INFORMATION

Chairman and Treasurer	Julie Crowther St Christopher Health Fund Bank of England Threadneedle Street London EC2R 8AH
Secretary	Munro Sutherland St Christopher Health Fund Bank of England Threadneedle Street London EC2R 8AH
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

The Fund is a discretionary fund set up to provide mutual aid to its members by assisting with payment for medical treatment and specialist consultation fees incurred by a member or by a registered partner or other registered dependent relatives. The Fund also makes charitable donations to hospitals and medical charities from time to time.

The Fund is managed by a Committee elected by members at the Fund's Annual General Meeting. The Committee is responsible for exercising the duties and discretions set out in the Rules. The Rules include information on membership and the way in which requests from members for assistance are considered by the Committee.

ANNUAL REPORT

Key features of 2015/16

At last year's Annual General Meeting, there was a wide-ranging discussion about future strategies for the Fund, in light of its robust financial health but continuing, albeit slow, decline in membership. During the year, in addition to routine matters, the Committee gave further consideration to a number of options for the Fund's operations, going forward, including possible changes to coverage and to the financial objectives. These remain under discussion and will be explored further with members in due course. In addition, in response to suggestions that the Fund might consider publishing additional information on membership and claims experience in order to assist with discussion of future strategies, the Committee prepared new data series and is arranging for them to be added to the Fund's web-site.

Finally, following discussions with the Bank, it has been agreed that the Fund can retain its Bank of England account after the impending withdrawal of personal banking services. However, the Fund has agreed to move over from using cheques to BACS for most grant payments, and will therefore be seeking from Fund members details of the accounts to which they will wish grants to be credited.

The figures and subscriptions

The Statement of Accounts which follows this report shows that the Fund's net assets remained broadly unchanged during the year at £1.60 million. Total income in the year fell by some 3.5%, mainly reflecting the continuing decline in membership. The Fund also benefited from a legacy.

Grants to contributors, at some £334,000, were only marginally higher than the level seen in 2015. Administrative and advisory expenses – ie. the cost of operating the Fund – increased by some 2% over the previous year.

Members' subscriptions have been unchanged since January 2011. In view of the strong net asset position, no increase in subscriptions is proposed at present.

Managing the Fund's investments

An Investment Sub-Committee is charged with reviewing the ongoing performance of the Fund's investments and making recommendations to the Committee as it feels appropriate. During the year, the Sub-Committee comprised Julie Crowther, Simon Liddell and Munro Sutherland, together with Philip Leuthenmayr who was appointed to the Committee and to the Sub-Committee in October 2015 to fill a vacancy.

The Sub-Committee met once during the year, in February 2016, when it reviewed in detail the Fund's investment performance and holdings. (Prior to this meeting, the Committee had continued to review and assess the Fund's performance directly at each of its regular meetings.) At the same time, the Sub-Committee also invited the Committee to formalise terms of reference for the Sub-Committee, and drafted, for the Committee's approval, an investment mandate for the Fund. Neither involved any change in current procedures, being intended simply to document policies more fully. In addition, the Sub-Committee began to give some thought to possible options for outsourcing part or all of the Fund's investment management function in case that should be thought desirable at some point.

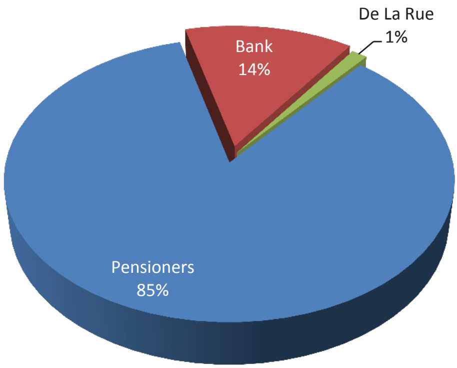
No changes in the Fund's investment holdings were made during the year. However, the Sub-Committee recommended a minor addition to the investment portfolio, by reducing the high levels of liquid assets held in recent years and bringing the profile of the investment portfolio back more in line with the currently agreed diversification strategy (which is set at 60% gilts, 20% equities and 20% corporate bonds, by market values). This change occurred shortly after the end of the 2015/16 financial year. The Sub-Committee has also recommended that the Committee give consideration to amending slightly the diversification strategy, going forward, by requiring a minimum of 50% to be held in gilts at all times, with the remainder split between equities and corporate bonds.

An update on the current position of the portfolio will be provided at the AGM.

The Fund's members

Total membership of the Fund declined by some 3% during the year to 2,154 at end-March 2016 (2,224 at end-March 2015). However, overall, the fund continued to provide cover to in excess of 3,750 persons in total. The composition of Fund membership, illustrated below, is largely unchanged from last year:

Membership as at 31 March 2016



What membership costs….

The present level of monthly **subscriptions** is as follows

Member	£8.25
Member's spouse/partner/children	£8.25 extra
Widow/er or partner of a deceased member	£8.25
Member's dependent relatives	£8.25 extra

The Committee believes the Fund provides extremely good value to its members and that it remains well-placed to continue to do so.

….and what the benefits are

In general terms, the benefits normally available to members can be summarised as follows:

- 75% of the total cost of admissible treatment (as defined in the Fund's Rules) subject to a cap of £500 on a member's contribution,
- maximum grant of £6,000 in any calendar year

Members are currently required to meet the first £75 of the cost of a course of treatment in a rolling year; this includes claims to meet any healthcare insurer's excess.

So, for example, if a member undergoing treatment incurs an excess of £150, subject to the normal Rules, the Fund would be prepared to contribute £75 towards this.

New members are not able to request assistance from the Fund during the first six months of membership unless they choose to pay a joining fee equivalent to six months' subscriptions.

The Committee has arranged for a number of worked examples of claims to be posted on the Fund's website in order to help members understand how the level of grants is calculated in different scenarios.

In addition to the benefits traditionally offered by the Fund and subject to the normal rules, the Fund is prepared to meet the costs of:

- qualifying treatment not covered by another healthcare insurer used by members, including any excess that the insurer may apply;
- nursing care during convalescence as well as respite and/or post-operative care.

Members are reminded that the Fund is a discretionary fund, with the Committee having the ability in certain circumstances to meet claims falling outside the normal scope of cover. Each year a small number of claims are given exceptional approval in this way with the Committee exercising discretion. Typically, these may involve cases where it judges that rigid application of the rules would be unnecessarily harsh or cause hardship, or where alternative therapies outside the Fund's normal scope have been medically recommended. Where a member believes that a reasonable claim has been rejected or where there is uncertainty over whether to make a claim, they can contact the Secretariat with a view to putting a case to the Committee for appraisal.

As previously indicated, the Committee is giving consideration to a number of possible enhancements to the benefits offered by the Fund, including with regard to scope of cover. This reflects the fact that grant expenditures have increased at much slower rates than indicated by earlier modelling. As a result, the Fund's financial position has remained much stronger than expected, with income and expenditure remaining in broad balance at current subscription rates. Moreover, the level of Fund net assets remains much higher than expected. Accordingly, the Committee now believes that there is some scope for enhancing benefits while also aiming to hold subscriptions unchanged for the time being, and permitting net assets to erode slowly, as required. It must be appreciated, however, that the Fund's expenditures are extremely difficult to forecast accurately. Great care needs to be taken, therefore, with any changes in coverage in order to ensure that the financial position remains sustainable. As a result, the Committee will want to take a cautious approach in proposing changes. Evaluation of the impact of a number of potential changes will be carried forward during 2016/17, with the intention of making recommendations for members' approval at the July 2017 AGM.

Running the Fund

The Committee for 2015/16 comprised:

Julie Crowther	Chairman and Honorary Treasurer	Human Resources Division
Simon Liddell	Assistant Honorary Treasurer	Markets Division
Munro Sutherland	Honorary Secretary	Pensioner
Linda Barnard		Human Resources Division
Sue Betts		Pensioner
Alison Cook		Education & Museum Group
Martin Gealer		Dental Unit
Emma Jackson		Customer Banking Division
Tim Kidd		Pensioner
Philip Leuthenmayr*		Resolution Division
Brian Milligan		Pensioner

* Philip Leuthenmayr was appointed by the Committee in October 2015 under Rule 8(f) to fill a vacancy.

Once again, the Committee expresses its grateful thanks to Sue Davison, the Fund Administrator, for maintaining the Fund's day-to-day operations so effectively throughout the year.

Auditors

Kingston Smith LLP was appointed as the Fund’s auditors at the 2015 Annual General Meeting for 2015/16.

Annual General Meeting

This year's AGM will be held on Wednesday 20 July at 17.30 in the Conference Suite breakout area on the Ground Floor of Threadneedle Street. A separate invitation to members to attend the AGM accompanies this report.

Your vote

The Committee will put forward two resolutions at the AGM, on which we invite you to vote:

1. **Auditors**

   To appoint Kingston Smith LLP as Auditors for 2016/17.

2. **Charitable donations**

   During the year, members have suggested various medical charities and hospitals that might benefit from a charitable donation from the Fund and the Committee is proposing that, from these suggestions, £1,000 is donated to each of:

- Sarcoma UK
- Dementia UK
- Fibromyalgia Action UK
- Essex Deaf Children's Society

If you wish to make a donation proposal for the coming financial year, 2016/17, please contact the Fund's Secretariat.

Any member wishing to submit a postal vote on the resolutions above should ensure that it is received by the Fund's Secretariat by close of business on Tuesday 19 July.

To find out more…..

Full information about the Fund, the Committee, its membership and the benefits available, is set out on the intranet, under 'your wellbeing' on the HR Division site. The Fund also now has its own website at www.stchristopherfund.co.uk which all members can access for details of the Fund.

Enquiries about the Fund can be made:

by email	sue.davison@bankofengland.co.uk
by phone	020 7601 4400
by fax	020 7601 5789
in writing	Sue Davison St Christopher Health Fund Bank of England Threadneedle Street London, EC2R 8AH

Munro Sutherland
Honorary Secretary
8th June, 2016

Statement of Committee Members' Responsibilities

The Committee Members of the St Christopher Health Fund ('the Committee Members') are responsible for preparing the Annual Report and the Statement of Accounts that give a true and fair view of the state of affairs of the Fund and of its surplus for the year, in accordance with applicable law and regulations.

In preparing the Annual Report and the Statement of Accounts, the Committee Members are required to:

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

The Committee Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Fund's transactions, and disclose with reasonable accuracy at any time the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report of Kingston Smith LLP to the Committee Members of St Christopher Health Fund

We have audited the financial statements of St Christopher Health Fund for the year ended 31 March 2016 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

This report is made solely to the Committee Members as a body. Our audit work has been undertaken for no purpose other than to draw to the attention of the Committee Members those matters which we are required to include 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 any party other than the Fund and Committee Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Committee Members and Auditors

As explained more fully in the Statement of Committee Members' Responsibilities, the Committee Members are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee Members; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect, based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 31 March 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities.

Matters on which we report by exception

We have nothing to report in respect of the following matters which we are required to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- the Fund has not kept sufficient accounting records; or
- the Statement of accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Devonshire House
60 Goswell Road
London EC1M 7AD
8 June 2016

Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2016

	Note	2016 £	2015 £
Income			
Subscriptions		342,395	357,490
Investment income	**2**	15,822	17,738
Donations / Legacies		5,000	1,300
		363,217	376,528
Expenditure			
Grants to contributors		(333,755)	(332,080)
Donations		(4,000)	(3,082)
Advisory and admin expenses	**3**	(29,740)	(28,873)
		(367,495)	(364,035)
Excess of income over expenditure		(4,278)	12,493
Taxation	**4**	(3,164)	(3,548)
Net income over expenditure for the year transferred to accumulated funds		(7,442)	8,945

All the above results are derived from continuing activities. There are no gains and losses for the period, other than the profit and loss.

BALANCE SHEET
at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	**5**	1,479,364	1,463,992
		1,479,364	1,463,992
Current assets			
Cash at bank		122,685	145,673
Creditors: Amounts falling due within one year	**6**	(10,664)	(10,838)
		112,021	134,835
Net assets		1,591,385	1,598,827
Accumulated funds	**7**	1,591,385	1,598,827

The Statement of Accounts was approved and authorised by the Committee on 8 June 2016 and signed on its behalf by:

Julie Crowther
Honorary Treasurer

Simon Liddell
Assistant Honorary Treasurer

NOTES TO THE STATEMENT OF ACCOUNTS
for the year ended 31 March 2016

1. ACCOUNTING POLICIES

Basis of accounting
The statement of accounts has been prepared on a going concern basis, under the historical cost convention and in accordance with applicable UK accounting standards, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Rules of the Fund.

The principal accounting policies are summarised below.

Subscriptions
Subscription income comprises amounts receivable from the members of the scheme during the year on an accruals basis.

Investment Income
Dividends and interest receivable are accounted for on an accruals basis.

Grants to contributors
Grants are awarded to individuals on a discretionary basis, following a formal application process, and are accounted for when they are approved.

Investments
Investments are included in the balance sheet at cost less any provision for impairment. On disposal the proceeds are compared with the carrying value and the gain or loss credited or debited to the income and expenditure account.

All accounting policies are consistent with the previous years.

2. INVESTMENT INCOME

	2016 £	2015 £
British Government securities interest	15,372	17,251
Bank interest	391	430
Other income/commission	59	57
	15,822	17,738

3. ADVISORY AND ADMINISTRATION EXPENSES

	2016 £	2015 £
Auditors' remuneration	7,500	7,290
Prior year over-accrual	-	(420)
Other fees paid to auditors	-	480
Costs of AGM	3,028	3,024
Fund Administrator costs	19,132	18,443
Sundry	80	56
	29,740	28,873

NOTES TO THE STATEMENT OF ACCOUNTS
for the year ended 31 March 2016

4. TAXATION

The small companies' tax rate of 20% (2015: 20%) applies for this year due to the size of the Fund's taxable profits. The Fund is entitled to set off income tax suffered at source against its corporation tax liability.

	2016 £	2015 £
Surplus/(deficit) on ordinary activities before taxation	(4,278)	12,493
Non-Investment Income	(347,395)	(358,790)
Expenses	367,495	364,035
Surplus chargeable to Corporation Tax	15,822	17,738
UK Corporation Tax rate of 20%	3,164	3,548
Tax charge in respect of the current year	3,164	3,548
Corporation tax as above	3,164	3,548
Corporation tax payable	3,164	3,548

5. INVESTMENTS

	2016 £	2015 £
Cost		
Cost at 1 April 2015	1,463,992	1,446,741
Additions	15,372	17,251
Disposals at carrying value	-	-
At 31 March 2016	**1,479,364**	**1,463,992**
Investments comprise		
Unit trusts	95,000	95,000
OEICs	390,000	390,000
Other	994,364	978,992
TOTAL	**1,479,364**	**1,463,992**

Holdings at 31 March 2016	**Nominal**	**Cost £**	**Market Value £**
Unit trust			
Legal & General UT UK Index Trust I ACC	51,215.98	95,000	120,767
OEICs			
F&C FTSE All Shs Tkr ACC1	23,146.26	95,000	119,967
HSBC FTSE ALL C ACC	26,954.89	95,000	122,079
M&G Secs Corp Bond I GBP ACC	361,913.35	200,000	239,478
		390,000	481,524
Other			
Invesco Gilt Fund A	76,696.35	994,364	1,188,793
Total Holdings		**1,479,364**	**1,791,084**

NOTES TO THE STATEMENT OF ACCOUNTS
for the year ended 31 March 2016

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Sundry Tax Creditor	3,164	3,548
Accruals	7,500	7,290
	10,664	10,838

7. ACCUMULATED FUNDS

	£
At 1 April 2015	1,598,827
Deficit of income over expenditure transferred for the year	(7,442)
At 31 March 2016	1,591,385

8. RELATED PARTIES

Subscriptions from committee members are dealt with in accordance with normal arrangements and are not disclosed separately. Payments were made to committee members in respect of grants totalling £1,295 (2015: £283). The number of committee members receiving grants in the year was 6 (2015: 3). A further £80 (2015: £56) was paid to committee members in respect of sundry expenses.

9. CONTROLLING PARTY

There is no single controlling party as each member has an equal share of the fund.

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