St Christopher Health Fund

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ST. CHRISTOPHER HEALTH FUND

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

Year ended 31 March 2017

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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 2016/17

During the year, the Committee completed the review of Fund coverage and benefits to which members were alerted in the 2016 Annual Report and as subsequently discussed at the last AGM. The Committee now proposes to implement a number of enhancements to Fund benefits with effect from 1 September 2017. Specifically, the annual benefit 'cap' will be increased from £6,000 to £7,500 as of that date. A change will also be made to the standard £75 excess: from September, this will be applied only once per member in each rolling year. Additionally, the costs of certain vaccinations currently excluded from NHS cover will be reimbursed by the Fund, together with drugs and dressings required on discharge from in-patient stays. While the Committee hopes that these enhancements will prove of assistance to members in particular circumstances, the changes are expected to have only a modest financial impact on the Fund.

To assist members, the Committee will update the existing explanatory material on Fund coverage and benefits by preparing a new Guidance Note for Members Using the Fund. Once completed, copies of the new Guidance Note will be circulated to members as soon as practicable, and a copy will be added to the Fund's website. The Committee also proposes to amend the Fund's Rules at next year's AGM, to include explicit reference to the new Guidance Note. In the meantime, if members have questions on the proposed enhancements to coverage, or on the implementation of the new provisions, they should contact the Fund Administrator.

The figures and subscriptions

The Statement of Accounts which follows this report shows that the Fund's net assets amounted to some £2.1 million as at the end of the financial year, compared to £1.9 million (adjusted) at the end of 2015/16. The Fund's investments are now shown at fair value, in accordance with Financial Reporting Standard 102; as a result, unrealised gains on investments previously excluded from net assets are now included. This is likely to result in greater volatility in the Fund's net income going forward as market prices fluctuate. There will be no impact on tax as a result of these changes, as gains are realised (and taxed) only when assets are sold. In 2016/17, virtually the whole of the increase in net assets reflected the increased value of the Fund's investments, with underlying current income and expenditures remaining largely in balance. Total income in the year fell by some 4%, reflecting the continuing decline in membership, lower investment income and the fact that the 2016 outturn benefited from receipt of a legacy.

Grants to contributors, at some £308,000, fell by some 8% from the level seen in 2015/16, maintaining the lower trend seen in recent years. Administrative and advisory expenses – i.e. the cost of operating the Fund – increased by some 5% over the previous year.

Members' subscriptions have been unchanged since January 2011. In view of the strong net asset position, the Committee continues to propose no increase in subscriptions 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 appropriate. During the year, the Sub-Committee comprised Julie Crowther, Simon Liddell, Philip Leuthenmayr and Munro Sutherland.

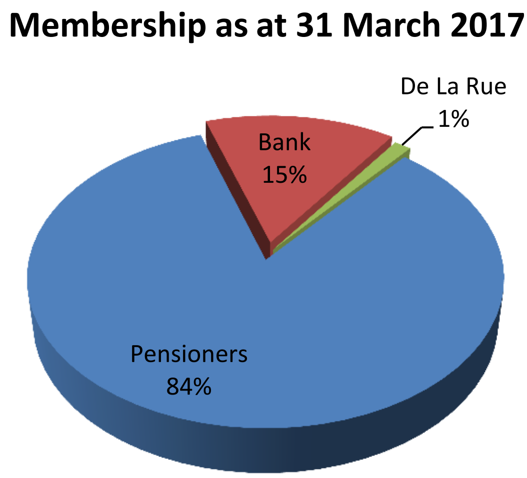
The Sub-Committee maintained the Fund's investments under regular review and reported accordingly to the Committee at each of its meetings. The Sub-Committee recommended initiating a cautious, phased, programme for rebalancing the portfolio over the next few years from the present 60% gilts, 20% corporate bonds, 20% equities towards the revised target of a minimum of 50% to be held in gilts at all times. The Sub-Committee also recommended a minor amendment to the Fund's investment mandate to reflect the revised 50% gilts target. These changes were subsequently approved by the Committee.

During the year, only one change was made in the Fund's holdings, with surplus liquidity being invested in an addition to our holding in the M&G corporate bond fund.

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 just over 2% during the year to 2,104 at end-March 2017. Overall, the Fund provided cover to almost 3,700 persons at that date. The composition of Fund membership, illustrated below, has remained broadly stable in recent years:



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 ; it is proposed to increase the maximum grant to £7,500 with effect from 1 September 2017.

Members are 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. It is proposed that, as from 1 September 2017, the £75 excess will be applied to a member's claims only once within any rolling year.

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.

As noted earlier, the Committee is currently preparing a new Guidance Note on Members' Benefits which will bring together in a single document information on current subscription rates and available benefits, including clarification of the scope of cover and of exclusions. The Guidance Note will provide full details of the latest changes to coverage which are now proposed. It will also include updated worked examples of claims to illustrate how the level of grants is calculated, as well as details of how claims should be submitted.

At the same time, members are reminded that the Fund remains 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 or not to make a claim, they can contact the Secretariat with a view to putting a case to the Committee for consideration.

Running the Fund

The Committee for 2016/17 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

* Martin Gealer stepped down from the Committee on 31 March 2017 upon his retirement from the Bank. The Committee expresses its grateful thanks to Martin for his personal contribution, including with regard to the recent working group on enhancements to Fund coverage in which he played a major role.

Once again, the Committee expresses its warm 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 2016 Annual General Meeting for 2016/17.

Annual General Meeting

This year's AGM will be held on Tuesday 18 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 2017/18.

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:

- Cystic Fibrosis Trust
- Mind
- The Sick Children's Trust
- Action Medical Research

If you wish to make a donation proposal for the coming financial year, 2017/18, 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 Monday 17 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 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 3461 4400

in writing Sue Davison
St Christopher Health Fund
Bank of England
Threadneedle Street
London, EC2R 8AH

Munro Sutherland
Honorary Secretary
13 June 2017

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 Members of St Christopher Health Fund

We have audited the financial statements of St Christopher Health Fund for the year ended 31 March 2017, 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

This report is made solely to the company's 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 addressed to them. 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of Committee Members and auditor

As explained more fully in the Statement of Committee Members' Responsibilities the Committee Members are responsible for the preparation of the financial statements and for being satisfied that they 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 (APB'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 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 2017 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 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 Annual Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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
13 June 2017

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 2017

	Note	2017 £	2016 £
Income			
Subscriptions		335,313	342,395
Investment income	**2**	12,976	15,822
Donations / Legacies		-	5,000
		348,289	363,217
Expenditure			
Grants to contributors		(308,247)	(333,755)
Donations		(4,000)	(4,000)
Advisory and admin expenses	**3**	(31,475)	(29,740)
		(343,722)	(367,495)
Movements in fair value of investments	**5**	166,550	(5,611)
Excess of income over expenditure		171,117	(9,889)
Taxation	**4**	(2,595)	(3,164)
Net income over expenditure for the year transferred to accumulated funds		168,522	(13,053)

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 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	**5**	2,045,571	1,791,085
		2,045,571	1,791,085
Current assets			
Cash at bank		36,961	122,685
Creditors: Amounts falling due within one year	**6**	(10,905)	(10,664)
		26,056	112,021
Net assets		2,071,627	1,903,105
Accumulated funds	**7**	2,071,627	1,903,105

The Statement of Accounts was approved and authorised by the Committee on 13 June 2017 and signed on its behalf by:

Simon Liddell
Assistant Honorary Treasurer

Philip Leuthenmayr

NOTES TO THE STATEMENT OF ACCOUNTS

for the year ended 31 March 2017

1 Accounting policies

Company information

St Christopher Health Fund is an unincorporated entity based at the Bank of England, Threadneedle Street, London, EC2R 8AH.

1.1 Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Rules of the Fund.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2017 are the first financial statements of St Christopher Health Fund prepared in accordance with Section 1A of FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2016. An explanation of the impact of first time adoption is given in Note 10.

1.2 Subscriptions

Subscription income comprises monthly amounts receivable from the members of the Fund during the year on an accruals basis. Monthly subscriptions are received in the month to which they relate resulting in no accrued or deferred income.

1.3 Investment income

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

1.4 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.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

Basic financial instruments are measured at amortised cost. The company has no other financial instruments or basic financial instruments measured at fair value other than Investments in equity instruments.

1.7 Investments

The Fund’s investments, including investments in equity instruments are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

1.9 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account.

2. INVESTMENT INCOME

	2017	**2016**
	£	**£**
British Government securities interest	12,936	15,372
Bank interest	131	391
Other income/commission	(91)	59
	12,976	15,822

3. ADVISORY AND ADMINISTRATION EXPENSES

	2017	**2016**
	£	**£**
Auditors' remuneration	8,310	7,500
Costs of AGM	3,167	3,028
Fund Administrator costs	19,942	19,132
Sundry	56	80
	31,475	29,740

NOTES TO THE STATEMENT OF ACCOUNTS
for the year ended 31 March 2017

4. TAXATION

The small companies' tax rate of 20% (2016: 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.

	2017 £	2016 £
Surplus/(deficit) on ordinary activities before taxation	171,117	(9,889)
Movements in fair value of investments	(166,550)	5,611
Non-Investment Income	(335,313)	(347,395)
Expenses	343,722	367,495
Surplus chargeable to Corporation Tax	12,976	15,822
UK Corporation Tax rate of 20%	2,595	3,164
Tax charge in respect of the current year	2,595	3,164
Corporation tax as above	2,595	3,164
Corporation tax payable	2,595	3,164

5. INVESTMENTS

	2017 £	2016 £
Market value at 1 April	1,791,085	1,781,324
Additions	87,936	15,372
Disposals at carrying value	-	-
Net change in fair value	166,550	(5,611)
Market value at 31 March	**2,045,571**	**1,791,085**

	2017		2016	
HOLDINGS:	**Nominal Holding**	**Market Value £**	**Nominal Holding**	**Market Value £**
Unit trust				
L&G UT UK Index Trust I ACC	51,215.977	146,990	51,215.98	120,767
OEICs				
F&C FTSE All Shs Tkr ACC1	23,146.26	145,775	23,146.26	119,967
HSBC FTSE ALL C ACC	26,954.89	148,629	26,954.89	122,079
M&G Secs Corp Bond I GBP ACC	472,190.921	336,247	361,913.35	239,478
		630,651		481,524
Other				
Invesco Gilt Fund A	77,501.81	1,267,930	76,696.35	1,188,794
Total Holdings		**2,045,571**		**1,791,085**

NOTES TO THE STATEMENT OF ACCOUNTS
for the year ended 31 March 2017

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Sundry Tax Creditor	2,595	3,164
Accruals	8,310	7,500
	10,905	10,664

7. ACCUMULATED FUNDS

	2017 £
At 1 April 2016 (Restated)	1,903,105
Surplus/(Deficit) of income over expenditure transferred for the year	168,522
At 31 March 2017	2,071,627

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 £10,982 (2016: £1,295). The number of committee members receiving grants in the year was 6 (2016: 6). A further £56 (2016: £80) 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.

10. ADOPTION OF FRS 102

Under FRS 102, investments are required to be shown at fair value. The Fund previously stated investments at cost, in line with previous UK GAAP. The 2016 investment figures have been restated to fair value so that the treatment is consistent with 2017. This has led to an increase of £311,720 in the value of the investments in the 2016 figures.