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 2018

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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 2017/18

The main developments during the year were the implementation of the package of extensions to Fund coverage and the drafting and circulation of the new Guidance Note for Members. The changes to coverage became effective from 1 September 2017, in line with the proposals discussed with members at the last AGM. The Committee had also shared with members present at the 2017 AGM a near-final version of the new Guidance Note, and this came into effect in parallel with the coverage enhancements in September. The changes were introduced smoothly and without any material issues arising, and we would note in particular the good work of the Administrator in liaising promptly with members with regard to their claims and queries.

The Fund's web-site has been updated to reflect the amended coverage and the Guidance for Members which the Committee hopes has been helpful in further promoting transparency over Fund assistance and the claims process.

The figures and subscriptions

The Statement of Accounts which follows this report shows that the Fund's income and expenditure has once again remained in broad balance during the year; total accumulated funds amounted to in excess of £2 million as at end March 2018.

Data for 2017 have been restated after it came to the Committee’s attention that the methodology for calculating income and taxation in respect of two of the funds held within our investment portfolio should have been amended to reflect certain earlier changes in HMRC rules and the recent change in accounting standard FRS 102. In addition, certain accumulation income on one of the investment funds had not been reported to us by the investment brokers. The effect of these changes has been to increase recorded investment income and related tax liabilities over the period 2013-2017, reducing accumulated funds by some 2%.

The Fund's subscription income for 2017/18 increased slightly as a result of one-off joining fees and supplementary payments. Grants to contributors, at some £317,000, increased by around 3% over the prior year, reversing the lower trend seen in recent years. Advisory and administrative fees - ie the cost of operating the Fund - were in line with the previous year.

Members' subscriptions have remained unchanged since January 2011. The Fund retains a strong net asset position, and the Committee proposes to continue to hold subscription rates frozen at current levels for the time being.

Managing the Fund’s investments

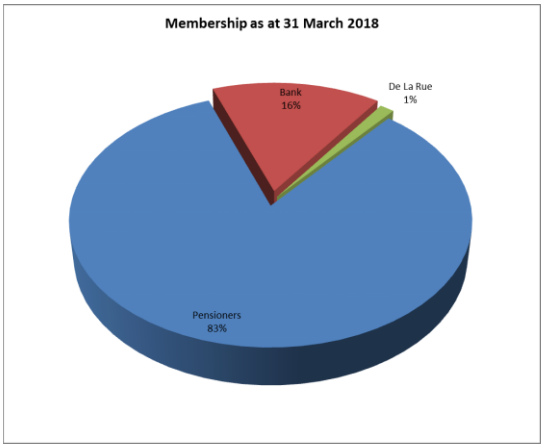
An Investment Sub-Committee is charged with maintaining under review the ongoing performance of the Fund's investments and making recommendations to the Committee as it deems appropriate. During the year, the Sub-Committee comprised Julie Crowther, Simon Liddell, Philip Leuthenmayr (until the end of June 2017, when he resigned from the Bank), James O'Connor (from January 2018) and Munro Sutherland. Subsequent to the end of the financial year, the Committee invited Sue Coffey and Emma Jackson to join the Sub-Committee.

The Sub-Committee maintained the Fund's investments under review, reporting accordingly to the Committee at each of its meetings. As discussed in last year's report and at the last AGM, the Committee adopted a minor amendment to the Fund's investment mandate providing for a minimum of 50% of the portfolio to be held in gilts at all times, with the remainder to be fairly evenly split between suitable broadly-based equity and corporate bond funds. During the year, the Sub-Committee did further work on preparing for some rebalancing of the portfolio in conformity with the revised mandate. It was also involved in preparations for the intended switch of the Fund's gilts portfolio out of the present Invesco fund into two comparable UK funds, as discussed at the last AGM. No changes were made in the portfolio during the year.

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

The Fund's members

While recruitment of new members from among the Bank staff has held the proportion of staff members at just over 15%, total membership of the Fund continued to decline slowly during the year. At end-March 2018, total membership of the Fund was 2,052, some 2% lower than the previous year, with overall coverage provided to over 3,600 persons.



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 £7,500 in any calendar year.

Members are required to meet the first £75 of the cost of a course of treatment on a rolling year basis; 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. The Fund's £75 excess is 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. Please consult the Appendix to the new Guidance Note which brings together key information on subscriptions, benefits, cover and exclusions.

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 2017/18 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
Sue Coffey*		Human Resources Division
Alison Cook		Education & Museum Group
Emma Jackson		Customer Banking Division
Tim Kidd		Pensioner
Philip Leuthenmayr†		Resolution Division
Brian Milligan		Pensioner
James O'Connor‡		Markets Division

*Sue Coffey was appointed to the Committee during the year pursuant to Rule 8(f) to fill the vacancy left by Martin Gealer's resignation

†Philip Leuthenmayr stepped down from the Committee in June 2017 upon leaving the Bank

‡James O'Connor was elected to the Committee in January 2018 under Rule 8(f) to fill the vacancy occurring on Philip Leuthenmayr's resignation

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 2017 Annual General Meeting for 2017/18.

Annual General Meeting

This year's AGM will be held on Thursday 26 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 2018/19.

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:

- Bi-Polar UK
- Brain Tumour Charity
- Operation Smile (harelip/cleft palates)
- St Raphael's Hospice

If you wish to make a donation proposal for the coming financial year, 2018/19, 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 Wednesday 25 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
12 June 2018

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

Opinion

We have audited the financial statements of St Christopher Health Fund for the year ended 31 March 2018, 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'.

In our opinion the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 31 March 2018 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 financial statements section of our report. We are independent of the Fund 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, 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 Committee Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Committee Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund'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.

Other information

The Committee Members 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.

Responsibilities of Committee Members

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 and for such internal control as the Committee Members 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 Committee Members are responsible for assessing the Fund'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 Committee Members either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee Members.

- Conclude on the appropriateness of the Committee Members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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 addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Committee Members as a body, for our work, for this report, or for the opinions we have formed.

Devonshire House
60 Goswell Road
London
EC1M 7AD
12 June 2018

Neil Finlayson (Senior statutory Auditor)
For and on behalf of Kingston Smith LLP, Statutory Auditor

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 2018

	Note	2018 £	2017 £ Restated
Income			
Subscriptions		340,016	335,313
Investment income	**2**	37,035	36,782
		377,051	372,095
Expenditure			
Grants to contributors		(316,512)	(308,247)
Donations		(4,000)	(4,000)
Advisory and admin expenses	**3**	(31,591)	(31,475)
		(352,103)	(343,722)
Movements in fair value of investments	**5**	(29,903)	144,724
Excess of income over expenditure		(4,955)	173,097
Taxation	**4**	4,698	(25,340)
Net income over expenditure for the year transferred to accumulated funds		(257)	147,757

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 2018

	Note	2018 £	2017 £ Restated
Fixed assets			
Investments	**5**	2,052,805	2,045,571
Current assets			
Cash at bank		21,817	36,961
Creditors: Amounts falling due within one year	**6**	(44,067)	(47,022)
Net current liabilities		(22,250)	(10,061)
Provisions for liabilities	**7**	(8,563)	(13,261)
Net assets		2,021,992	2,022,249
Accumulated funds	**8**	2,021,992	2,022,249

The Statement of Accounts was approved and authorised by the Committee on 12 June 2018 and signed on its behalf by:

Sue Coffey
Committee Member

Simon Liddell
Assistant Honorary Treasurer

NOTES TO THE STATEMENT OF ACCOUNTS

for the year ended 31 March 2018

1 Accounting policies

Fund 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.

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 Fund 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 Fund’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

	2018 £	2017 £
Gilt and Unit Trust income	37,137	36,742
Bank interest	48	131
Other income/commission	(150)	(91)
	37,035	36,782

3. ADVISORY AND ADMINISTRATION EXPENSES

	2018 £	2017 £
Auditors' remuneration	7,950	8,310
Costs of AGM	3,146	3,167
Fund Administrator costs	20,412	19,942
Sundry	83	56
	31,591	31,475

NOTES TO THE STATEMENT OF ACCOUNTS
for the year ended 31 March 2018

4. TAXATION

The small companies' tax rate of 19% (2017: 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.

	2018 £	2017 £ Restated
Surplus/(deficit) on ordinary activities before taxation	(4,955)	173,097
Non-Investment Income	(340,016)	(335,313)
Dividend income (non-taxable)	(15,988)	(13,908)
Expenses	348,103	339,722
Total movements in fair value of investments	29,903	(144,724)
Taxable movements in fair value of investments	(19,455)	80,062
Loss restriction	2,408	-
Surplus chargeable to Corporation Tax	-	98,936
UK Corporation Tax rate of 19% (2017: 20%)	-	19,787
Tax charge in respect of the current year	-	19,787
Corporation tax as above	-	19,787
Deferred tax (Note 7)	(4,698)	5,553
Total tax charge	(4,698)	25,340

5. INVESTMENTS

	2018 £	2017 £ Restated
Market value at 1 April	2,045,571	1,791,085
Additions	37,137	109,762
Disposals at carrying value	-	-
Net change in fair value	(29,903)	144,724
Market value at 31 March	**2,052,805**	**2,045,571**

HOLDINGS:	2018 Nominal Holding	2018 Market Value £	2017 Nominal Holding	2017 Market Value £
Unit trust				
L&G UT UK Index Trust I ACC	51,215.98	149,038	51,215.98	146,990
OEICs				
F&C FTSE All Shs Tkr ACC1	23,146.26	147,326	23,146.26	145,775
HSBC FTSE ALL C ACC	26,954.89	150,570	26,954.89	148,629
M&G Secs Corp Bond I GBP ACC	472,190.921	343,472	472,190.921	336,247
		641,368		630,651
Other				
Invesco Gilt Fund A	78,167.11	1,262,399	77,501.81	1,267,930
Total Holdings		**2,052,805**		**2,045,571**

NOTES TO THE STATEMENT OF ACCOUNTS
for the year ended 31 March 2018

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £ Restated
Sundry Tax Creditor	36,117	38,712
Accruals	7,950	8,310
	44,067	47,022

7. DEFERRED TAXATION

	2018 £	2017 £ Restated
Deferred tax liability at 1 April	13,261	7,708
(Credit) /charge to income and expenditure	(4,698)	5,553
Deferred tax liability at 31 March	8,563	13,261

Deferred tax is recognised on untaxed movements in fair value of investments.

8. ACCUMULATED FUNDS

	£ Restated
At 1 April 2017 as previously stated	2,071,627
Effect of prior year adjustment (2013 to 2016)	(28,613)
Effect of prior year adjustment (2017)	(20,765)
Surplus/(deficit) of income over expenditure transferred for the year	(257)
At 31 March 2018	2,021,992

9. 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 £2,190 (2017: £10,982). The number of committee members receiving grants in the year was 6 (2017: 6). A further £83 (2017: £56) was paid to committee members in respect of sundry expenses.

10. CONTROLLING PARTY

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

11. PRIOR YEAR ADJUSTMENT

The prior year figures have been restated: to account for deferred tax on some investment revaluations, as required under FRS 102; to correct errors in prior years' tax computations, regarding the treatment of unrealised gains on investments classified as loan relationships and where investment income was directly reinvested into the funds; to account for accumulation income not having been notified to the organisation. The effect on profit for the year ended 31 March 2017 was a reduction of £20,765, with a decrease in net assets of £49,378 at 31 March 2017.