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NOTICE OF MEETING

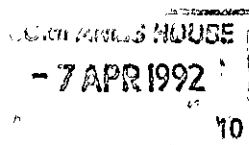
Notice is hereby given that the ANNUAL GENERAL MEETING of The Hospital Saving Association will be held at St. Ermin's Hotel, Caxton Street, London, S.W.1 on Tuesday 17th March 1992, at 12.30 p.m. for the following purposes:

1. To receive and adopt the Report of the Executive Council and the Financial Statements for the year ended 31st July 1991 together with the Report of the Auditors.
2. To elect Honorary Officers of the Association.
3. To elect an Executive Council.
4. To elect a Chairman of the Executive Council.
5. To consider the following Special Resolution regarding the dissolution provisions of the Association in paragraph 9 of the Memorandum of Association.

SPECIAL RESOLUTION: That the Memorandum of Association of the Association be and is hereby altered by deleting the existing paragraph 9 and substituting the following therefor:

9. If upon the winding up or dissolution of the Association there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall be given or transferred to some other institution or institutions having objects similar to the objects of the Association, which shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on the Association under or by virtue of clause 4 hereof in consideration of such institution or institutions accepting as its or their members the members of the Association at or immediately before the time of such dissolution such institution or institutions to be determined by the members of the Association at such time and if no such institution or institutions then exist shall be distributed among the members of the Association at that time in proportion to their contributions to the Association.
6. To re-appoint Kidsons Impey as Auditors and to authorise the Executive Council to determine their remuneration.
7. To transact any other business.

Hambleden House
Andover
20th January 1992



By Order of the Executive Council

J. A. Young
General Secretary

J. A. Young

THE HOSPITAL SAVING ASSOCIATION

(Incorporated in England as a company limited by guarantee No. 183035)

PATRON
HER MAJESTY THE QUEEN

HONORARY OFFICERS

President
THE RIGHT HONOURABLE THE LORD COTTESLOE, CBE, TD

Vice-Presidents
HER GRACE THE DUCHESS OF NORFOLK
COMMANDER THE HONOURABLE JOHN FREMANTLE
THE RIGHT HONOURABLE THE VISCOUNT HAMBLEDEN
THE RIGHT HONOURABLE THE BARONESS MASHAM OF ILTON
MRS CHRISTOPHER FAGAN
THE RIGHT HONOURABLE THE EARL OF BUCHAN

EXECUTIVE COUNCIL

Chairman
A A CHILD, MBE, FCH, FPMI

Health Service Members
P BENNER, CB
J P CASHMAN, MA

General Member
I D ADAM, JP (Vice-Chairman)
R H CRAWFORD
A G H DAMERELL, MSc, ARCS, DIC, FIM, MRAS, CEng (Vice-Chairman)
J A ELLIOTT
MISS A ROBINSON

Contributor Members
J C DEACOCK, FIPM, FIWO
H R FULLER
T G HALE
P S HOWARD, JP
J R V SKELTON
W H SMITH, FCH
B G SUTHERLAND

CHIEF EXECUTIVE AND GENERAL SECRETARY
JAMES A YOUNG, MA

DEPUTY GENERAL SECRETARY AND FINANCE OFFICER
C J E HARVIE, FCA

Registered Office
HAMBLEDEN HOUSE, WATERLOO COURT, ANDOVER, HAMPSHIRE SP10 1LG

Scottish Office
11 RANDOLPH PLACE, EDINBURGH EH3 7TA

Auditors
KIDSONS IMPEY

Solicitors
J TICKLE & CO.

Bankers
NATIONAL WESTMINSTER BANK PLC
LLOYDS BANK PLC
GIROBANK PLC

CHAIRMAN'S REPORT

I wish to say at the beginning that, as will be seen from the Executive Council's Report, not only has the year ended 31 July 1991 been a more than usually successful one, but in the six months following our General Secretary and his team have refused to be less certain of success even though the country as a whole is in recession, and that confidence is fully justified. We continue to be successful in the market. This year's result will I am sure bear excellent comparison with last year's.

After sixteen years as Chairman, having first been elected in March 1975, I have decided that I will not stand for re-election this year.

Our present Chief Executive and General Secretary was appointed in 1987 and given the following priorities:

- (1) To recruit more HSA contributors, and to place the future of the HSA on a thoroughly sound financial footing.
- (2) To find a solution to the long term space requirements at Hambleden House, as the Association continues to expand.

These points were evaluated in depth by the General Secretary and his Management Team with recommendations being placed before the Executive Council on how the contributors' interests could best be served in the future, as the Association increases in size. As a result, substantially more new contributors have been joining the HSA each year compared with the outflow of lapsed members, and our General Secretary and his team have been winning the battle with very few casualties. With the alterations to Hambleden House and the acquisition of our new additional building in Andover, scheduled for completion at the end of 1992, our accommodation problems have also been overcome for well into the future.

Annual development programme proposals, prepared by the General Secretary and his team, are now placed before the Executive Council, discussed, modified and implemented. There are regular meetings with both the Management Team and Members of the Field Force to discuss all aspects of the business. The Executive Council is given full monthly reports by the General Secretary, supplemented where appropriate by one or more members of his team. This is in style very different from the past, but it is all based on the achievements of the General Secretary's predecessors. We proceed to be more commercially acceptable whilst retaining and imposing the caring attitudes of the past.

No more from me on this point – just look at the Reports and Accounts over the last five years.

Because we make surpluses and because the DTI demands substantial reserves, we can make sizeable donations to deserving causes via our Charitable Trust and this is becoming an increasing part of our activities. We provide something like 25 scholarships a year through the Royal College of Nursing for nurses who wish to pursue further education which is so essential in this highly technical medical age. The HSA Charitable Trust also donates substantial funds to various hospitals, hospices, health related charities and individuals each year. Phillip Howard, the Chairman of the HSA Charitable Trust and the other Trustees work very hard to ensure that funds are properly allocated.

And now it is time to stop being Chairman. I step down with some sadness because I am convinced that it is the right time to do so and I am confident that from within the Executive Council a highly capable and caring successor will emerge.

Thank you for all the affection you have shown to Molly and me.

A. A. Child
Chairman



REPORT OF THE EXECUTIVE COUNCIL

The Executive Council have pleasure in submitting their report and the audited Financial Statements for the year ended 31st July 1991.

Principal Activities

The Association operates health care cash benefit plans by means of mutual contributory schemes.

Review of Activities

During the financial year contributory income rose by £6,941,968 to £47,068,288. Over the same period, benefits increased by £5,649,819 to £33,197,023 and administrative expenses increased by £2,568,390 to £9,300,062.

Throughout the year under review, effort was concentrated on obtaining new contributors, and on persuading existing contributors to increase their option. As a result, over 100,000 new contributors were recruited, with more than 80% joining at the higher options. In addition, 40,834 contributors increased their option. At the end of the year contributor membership was 688,119, a net increase of 44,390 for the year.

The proportion of contributory income returned as benefits was 71% compared with 69% last year, whilst administrative expenses as a proportion of contributory income increased to 19.75%.

Tangible Fixed Assets

During the year, the major refurbishment of Hambleden House was completed.

In July 1991, land was purchased and a contract signed for the construction of an additional office building in Andover, completion of which is expected at the end of 1992.

Future Developments

On 1st October 1991, the Association carried out a successful Scheme Review under which option price levels were increased together with an increase in the range and value of benefits offered.

Appropriations

The surplus for the year as shown in the Financial Statements amounted to £6,418,271 which, when added to the balance brought forward of £3,562,538 gives an amount of £9,980,809 available for appropriation. The Executive Council recommends that this be dealt with as follows:

	£
Transfer to Policyholders Protection Fund	160,000
Transfer to Capital Reserves	5,000,000
Balance carried forward	<u>4,820,809</u>
	<u>9,980,809</u>

REPORT OF THE EXECUTIVE COUNCIL (continued)

Honorary Officers

The present Honorary Officers are shown on page 2. Mrs Christopher Pagan became a Vice-President of the Association on 15th October 1990 and the Right Honourable the Earl of Buchan became a Vice-President of the Association on 16th September 1991.

In accordance with Article 14 of the Articles of Association all Honorary Officers retire and are eligible for re-election.

Executive Council

The present Members of the Executive Council are shown on page 2.

In accordance with Article 34 of the Articles of Association all members of the Executive Council retire and are eligible for re-election.

Charitable Contributions

The Association continued to support The Hospital Saving Association Charitable Trust by providing the sum of £310,000 under Deeds of Covenant. Other charitable donations totalled £70,000.

Auditors

A resolution proposing the re-appointment of Kidsons Impey as Auditors to the Association will be put to the Annual General Meeting.

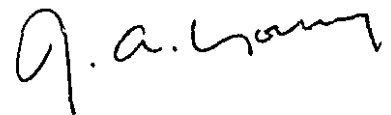
By Order of the Executive Council

Hambleton House
Andover

20th January 1992

J. A. Young

General Secretary



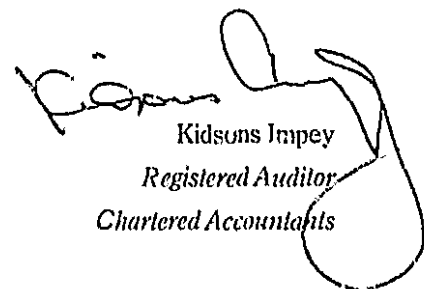
REPORT OF THE AUDITORS TO THE MEMBERS OF THE HOSPITAL SAVING ASSOCIATION

We have audited the Financial Statements on pages 6 to 12 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of the Association's affairs at 31st July 1991 and of the surplus and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

20th January 1992



Kidsons Impey
Registered Auditor
Chartered Accountants

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st JULY 1991

			1991	1990
	Notes	£'000	£'000	£'000
Income				
Contributions		47,068		40,126
Investment Income	2	2,636		2,011
		<u>49,704</u>		<u>42,137</u>
Expenditure				
Benefits		33,197		27,547
Administrative expenses	3	9,300		6,732
Covenants to HSA Charitable Trust		310		210
Other Charitable Donations		70		—
		<u>42,877</u>		<u>34,489</u>
Surplus of Income over Expenditure			6,827	7,648
Net gain on sales of investments			273	571
Surplus on ordinary activities before taxation			7,100	8,219
Taxation	4		682	599
Surplus for the financial year			6,418	7,620
Balance brought forward			3,563	993
Available for appropriation			<u>9,981</u>	<u>8,613</u>
Appropriations				
Policyholders Protection Fund		160		50
Capital Reserve		5,000		5,000
		<u>5,160</u>		<u>5,050</u>
Balance carried forward			<u>4,821</u>	<u>3,563</u>

The Notes on pages 8 to 11 form an integral part of these Financial Statements.

BALANCE SHEET AS AT 31st JULY 1991

						1991		1990	
						£'000	£'000	£'000	£'000
						Notes			
Fixed Assets									
Tangible assets	..	..	..	..	..	6	4,753	3,836	
Investments	..	..	..	..	..	7	17,838	12,292	
							<u>22,591</u>	<u>16,128</u>	
Current Assets									
Debtors	..	..	..	..	..	8	2,812	2,713	
Investments	..	..	..	..	..		11,000	12,150	
Cash at bank and in hand	..	..	..	..	..		1,221	156	
							<u>15,033</u>	<u>15,019</u>	
Current Liabilities									
Creditors: amounts falling due within one year	..	..	..	..	..	9	6,203	6,144	
Net Current Assets	..	..	..	..	..		8,830	8,875	
Total Assets Less Current Liabilities	..	..	..	..	..		<u>31,421</u>	<u>25,003</u>	
Reserves									
Capital reserve	..	..	..	..	..	10	26,000	21,000	
Policyholders Protection Fund	..	..	..	..	..	10	600	440	
Income and expenditure account	..	..	..	..	..		4,821	3,563	
							<u>31,421</u>	<u>25,003</u>	

The Notes on pages 8 to 11 form an integral part of these Financial Statements.

Approved by the Executive Council

20th January 1992

A. A. Child

- Chairman



A. G. H. Damerell - Vice-Chairman



NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

a) Basis of Accounting

The Financial Statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

b) Depreciation

Depreciation is provided by the Association to write off the cost of tangible fixed assets as follows:

Freehold Land and Building	2% p.a. on the Building
Computer	25% p.a. or more, according to the estimated life of the asset
Office Equipment	25% p.a.

c) Pension Benefits

Pension benefits are funded over the employees' periods of service. The Association's contributions, based on the most recent triennial actuarial valuation of the fund, are made to The Equitable Life Assurance Society.

	1991 £'000	1990 £'000
2. Investment Income		
Income from listed investments	1,014	454
Other income	1,622	1,557
	<u>2,636</u>	<u>2,011</u>

3. Administrative Expenses

Include the following:

Staff costs		
Salaries	2,920	2,366
Social security costs	302	228
Other pension costs (see note 5b)	180	190
Depreciation of tangible fixed assets	437	350
Auditors' remuneration	25	20
Operating leases – motor car rentals	229	163
	<u>2,636</u>	<u>2,011</u>

4. Taxation

United Kingdom corporation tax at an average rate of 33.7% for the year

on unfranked income less charges	525	471
Tax credit on UK dividends received	157	114
Tax arising on sales of investments	—	14
	<u>682</u>	<u>599</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Employees

- a) The average number of persons employed under a contract of service was 245 (212 in 1990). There are no distinct categories of persons employed.

b) Pensions

The Association operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Association being invested with insurance companies. Contributions to the scheme are charged to the Income and Expenditure Account over employees' working lives with the Association. The contributions are determined by a qualified actuary on the basis of the aggregate funding method. The most recent valuation was as at 5th April 1991. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 9% per annum.

The pension charge for the year was £179,460 (1990 £189,784).

The most recent actuarial valuation showed that the market value of the scheme's assets was £2,188,400 and that the actuarial value of those assets represented 174% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Association and employees were 13.5% and 6% (1990 13.5% and 6%) of earnings respectively.

- c) No fees or emoluments are paid to the Chairman and Members of the Executive Council

6. Tangible Fixed Assets

						Freehold land and building £'000	Computer and office equipment £'000	Total £'000
Cost:								
At 31st July 1990	..	..	..	..	..	3,941	1,380	5,321
Additions	..	..	..	..	..	877	477	1,354
Disposals	..	..	..	..	..	—	(179)	(179)
At 31st July 1991	..	..	..	..	..	4,818	1,678	6,496
Depreciation:								
At 31st July 1990	..	..	..	..	..	611	874	1,485
Charge for year	..	..	..	..	..	79	358	437
On Disposals	..	..	..	..	..	—	(179)	(179)
At 31st July 1991	..	..	..	..	..	690	1,053	1,743
Net book amount at 31st July 1991	..	..	..	..	..	4,128	625	4,753
Net book amount at 31st July 1990	..	..	..	..	..	3,330	506	3,836

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Investments

Investments listed on a recognised stock exchange:

							Fixed Interest Stocks £'000	Equities £'000	Total £'000
Cost:									
At 31st July 1990	..	..	..	..	..	..	—	12,292	12,292
Additions	..	..	..	..	..	..	9,565	1,930	11,495
Disposals	..	..	..	..	..	..	(2,767)	(3,182)	(5,949)
At 31st July 1991	..	..	..	..	..	..	<u>6,798</u>	<u>11,040</u>	<u>17,838</u>
Aggregate market value									
at 31st July 1991	..	..	..	..	..	..	<u>6,789</u>	<u>12,703</u>	<u>19,492</u>

8. Debtors

								1991 £'000	1990 £'000
Contributions receivable	..	..	..	..	..	..	..	2,222	2,166
Other debtors	..	..	..	..	..	..	..	15	26
Prepayments and accrued income	..	..	..	..	..	..	..	575	521
								<u>2,812</u>	<u>2,713</u>

9. Creditors: amounts falling due within one year

Benefit claims (see below)	..	..	..	..	..	..	..	3,000	2,420
Other creditors	..	..	..	..	..	..	..	221	441
Social security	..	..	..	..	..	..	..	—	72
Accruals	..	..	..	..	..	..	..	258	248
Contributions for next period	..	..	..	..	..	..	..	2,194	2,181
Taxation	..	..	..	..	..	..	..	530	485
Bank loans and overdraft	..	..	..	..	..	..	..	—	297
								<u>6,203</u>	<u>6,144</u>

Benefit claims represent a liability for claims incurred but not notified until after the year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Reserves

	Capital reserve	Policyholders Protection Fund
	£'000	£'000
At 31st July 1990	21,000	440
Transfer from Income and Expenditure Account . .	5,000	160
At 31st July 1991	<u>26,000</u>	<u>600</u>

Under the Policyholders Protection Act 1975 the Association may be called upon to pay an amount not exceeding 1% of contributory income towards the unpaid liabilities of other bodies.

11. Financial Commitments

	1991	1990
	£'000	£'000
a) Capital expenditure		
Authorised by the Executive Council up to		
31st July 1991 and still outstanding at		
that date was	<u>2,302</u>	<u>230</u>
b) Leasing		
Financial commitments under non-cancellable operating leases will result in the following payments		
falling due in the year to 31st July 1992:		
	1991	1990
	£'000	£'000
Expiring		
Within one year	49	26
Within one to five years	110	122
	<u>159</u>	<u>148</u>

There were no leases of land and buildings.

SOURCE AND APPLICATION OF FUNDS STATEMENT FOR THE YEAR ENDED 31st JULY 1991.

	1991		1990	
	£'000	£'000	£'000	£'000
Source of Funds				
Surplus of Income over Expenditure		6,827		7,648
Items not involving the movement of funds:				
Depreciation		437		350
Sales of investments		6,222		4,216
		<u>13,486</u>		<u>12,214</u>
 Application of Funds				
Additions to fixed assets		1,354		1,019
Purchase of investments		11,495		8,512
Payment of taxation		637		585
 Increase/(Decrease) in working capital:				
Debtors	99		198	
Creditors (excluding taxation, bank loans and bank overdraft)	<u>(311)</u>	<u>(212)</u>	<u>(711)</u>	<u>(613)</u>
 Increase in net liquid funds		<u>212</u>		<u>2,611</u>
		<u>13,486</u>		<u>12,214</u>

THE HOSPITAL SAVING ASSOCIATION CHARITABLE TRUST

Report and Financial Statements
31st July 1991

REPORT OF THE TRUSTEES

P. S. Howard, JP *Chairman*
P. Benner, CB
A. A. Child, MBE, FCIL, FPMI
J. A. Elliott
R. H. Crawford

The objects of the Trust are:

- a) To provide monetary grants to individual HSA members suffering exceptional financial hardship as a result of ill health but who are not entitled to a normal benefit under the Association's rules.
- b) Financially to support selected persons and institutions to enhance their ability to care for HSA members and their families when ill.
- c) To provide and award scholarships and prizes for nurses, health visitors and others engaged in or undergoing a course of education training or preparation for the treatment or prevention of illness.

Major activities during the year included 199 grants to individual HSA members suffering exceptional financial hardship; donations to the non-public funds of 826 hospitals; donations to 83 charities; grants to 2 hospices and the award of 26 new nurses scholarships.

Hambleton House
Andover

20th January 1992

By Order of the Trustees



P. S. Howard
Chairman

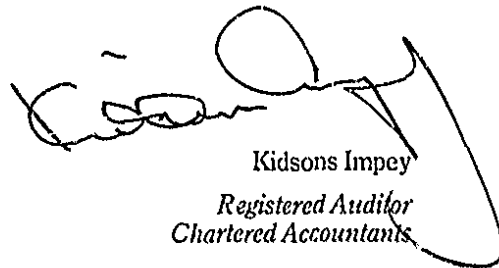
REPORT OF THE AUDITORS TO THE TRUSTEES OF THE HOSPITAL SAVING ASSOCIATION CHARITABLE TRUST

We have audited the Financial Statements on page 15 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the Trust's affairs at 31st July 1991 and of its surplus for the year then ended and comply with the provisions of the Trust Deed.

London

20th January 1992



Kidsons Impey
Registered Auditor
Chartered Accountants

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st JULY 1991

Income	1991		1990	
	£	£	£	£
Donations received from The Hospital Saving Association:				
Under deeds of covenant	232,500		157,500	
Income tax recoverable thereon	77,500		52,500	
	<u>310,000</u>		<u>210,000</u>	
Other donations and deposit interest	4,399		4,790	
	<u>314,399</u>		<u>214,790</u>	
Expenditure				
Donations to free funds of hospitals	71,300		64,790	
HSA nurses scholarships	45,015		34,468	
Grants to institutions and individuals	136,954		100,404	
Grants to hospices	1,500		46,000	
	<u>254,769</u>		<u>245,662</u>	
Surplus/(Deficit) for the year	59,630		(30,872)	

A separate Statement showing the Source and Application of Funds has not been produced, as the relevant information is shown above.

BALANCE SHEET AT 31st JULY 1991

	1991		1990	
	£	£	£	£
Current Assets				
Income Tax recoverable	15,000		—	
Bank deposit account	85,602		66,456	
Bank current account	4,074		1,090	
	<u>104,676</u>		<u>67,546</u>	
Current Liabilities				
Amount due to HSA	—		22,500	
	<u>104,676</u>		<u>45,046</u>	
Capital account	200		200	
Accumulated Fund				
Balance brought forward	44,846		75,718	
Surplus/(Deficit) for the year	59,630		(30,872)	
	<u>104,476</u>		<u>44,846</u>	
	<u>104,676</u>		<u>45,046</u>	

Approved by the Trustees

20th January 1992

P. S. Howard - Chairman

A. A. Child