

42-1150

Coopers
& Lybrand

Welsh Hospitals and Health Services Association
(A company limited by guarantee with no share capital)

Report and financial statements

for the year ended 31 December 1995

Registered No: 515135



Welsh Hospitals and Health Services Association
(A company limited by guarantee with no share capital)

Report and financial statements
for the year ended 31 December 1995

Registered No: 515135

Welsh Hospitals and Health Services Association

(a company limited by guarantee with no share capital)

Report and financial statements for the year ended 31 December 1995

Contents	Page
Executive Council members and advisers	1
Report of the Executive Council	2
Statement of responsibilities of the Executive Council	3
Report of the auditors	4
Revenue account	5
Note of historical cost profits and losses	6
Balance sheet	7
Cash flow statement	8
Accounting policies	9
Notes to the financial statements	10-16

Welsh Hospitals and Health Services Association

1

(a company limited by guarantee with no share capital)

Executive Council Members and Advisers

Executive Council members

J C Parry
R F Collier
A L Davies
Mrs E Gwynne
W R H Thomas
Mrs K M Roberts-Jones
Mrs J Lovatt
A Patterson
W R Roberts
D W Williams
N R Thomas
J Moraghen
D Kingdon
C M Walker

Registered office

60 Newport Road
Cardiff
CF2 1YG

Registered auditors

Coopers & Lybrand
Churchill House
Churchill Way
Cardiff
CF1 4XQ

Solicitors

Edwards Geldard
Dumfries House
Dumfries Place
Cardiff
CF1 4YF

Bankers

National Westminster Bank plc
117 St Mary Street Branch
Cardiff
CF1 1LG

National Girobank
Bootle
Merseyside
GIR 0AA

Fund managers

BWD Rensburg Limited
3 Park Court
Park Cross Street
Leeds
LS1 2QH

Report of the Executive Council

The members of the Executive Council present their report and financial statements for the year ended 31 December 1995.

Activities

The Association continues to act as a voluntary health care contributory scheme providing certain benefits to its contributors. With effect from February 1994, the Association has appointed independent consultants to manage the investment portfolio.

WHA Healthcare

The company trades as "WHA Healthcare"

State of affairs

In the opinion of the Executive Council the state of the Association's affairs is satisfactory and there has been no material change since the balance sheet date.

Results

The deficit for the year after taxation was £44,445. The Executive Council recommend that this amount should be transferred to Revenue Reserve.

Investments in non quoted company

The Association has an investment of 5,534 fully paid up £1 ordinary shares in BHCA (Services) Limited. This represents 5.54% of the ordinary share capital of that company. The investment of £5,534 has been fully provided for in the financial statements. BHCA (Services) Limited provides clearing house services for contributions payable to members of the British Health Care Association.

Auditors

A resolution to reappoint Coopers & Lybrand as the company's auditors will be proposed at the annual general meeting.

H L Cooke
Chief Executive
Cardiff

17 May 1996

Statement of responsibilities of the Executive Council

The Executive Council is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the income and expenditure of the Company for that period.

The Executive Council members confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The Executive Council members also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Executive Council members are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

H L Cooke
Chief Executive
Cardiff

17 May 1996

Welsh Hospitals and Health Services Association

(a company limited by guarantee with no share capital)

4

Report of the auditors to the Members of the Welsh Hospitals and Health Services Association

We have audited the financial statements on pages 5 to 16.

Respective responsibilities of the Executive Council and auditors

As described on page 3 the Executive Council is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1995 and of its deficit, total recognised gains and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors
Cardiff

17 May 1996

Welsh Hospitals and Health Services Association

5

(a company limited by guarantee with no share capital)

Revenue account for the year ended 31 December 1995

	Notes	Continuing operations 1995 £	Continuing operations 1994 £
Income			
Contributions	1	3,507,175	2,631,836
Other income	2	172,756	125,553
		<u>3,679,931</u>	<u>2,757,389</u>
Expenditure			
Claims	3	3,067,106	2,175,759
Administration	4	434,295	407,385
Development	5	72,309	70,929
Depreciation	6	22,170	19,206
British Health Care Association	7	6,547	5,346
Donation to WHHS Charity Fund		10,000	10,000
Insurance premium tax		85,695	18,540
		<u>3,698,122</u>	<u>2,707,165</u>
(Deficit)/Surplus before taxation		(18,191)	50,224
Taxation	8	26,254	23,651
Retained (deficit)/ surplus for the year	14	<u>(44,445)</u>	<u>26,573</u>

The company has no recognised gains and losses other than the deficit above and therefore no statement of recognised gains and losses has been presented.

Welsh Hospitals and Health Services Association

6

(a company limited by guarantee with no share capital)

Note of historical cost profits and losses

	Continuing operations 1995 £	Continuing operations 1994 £
Reported (deficit)/surplus before taxation	(18,191)	50,224
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	7,056	7,056
Historical cost (deficit)/surplus before taxation	(11,135)	57,280
Historical cost (deficit)/ surplus for the year retained after taxation	(37,389)	33,629

Welsh Hospitals and Health Services Association

7

(a company limited by guarantee with no share capital)

Balance sheet at 31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible fixed assets	9	380,036	396,697
Investments	10	1,045,708	1,026,471
		<u>1,425,744</u>	<u>1,423,168</u>
Current assets			
Debtors	11	337,548	318,785
Bank and cash balances		1,549,522	1,563,425
		<u>1,887,070</u>	<u>1,882,210</u>
Creditors: amounts falling due within one year	12	<u>521,960</u>	<u>469,356</u>
Net current assets		<u>1,365,110</u>	<u>1,412,854</u>
Provisions for liabilities and charges	13	<u>2,495</u>	<u>3,218</u>
Total net assets		<u>2,788,359</u>	<u>2,832,804</u>
Financed by:			
Reserves			
Revenue account	14	2,414,371	2,451,760
Property revaluation reserve	14	328,988	336,044
Computer system reserve	14	45,000	45,000
		<u>2,788,359</u>	<u>2,832,804</u>

These financial statements were approved by the Executive Council on 17 May 1996 and were signed on their behalf by:

..... Chairman
A Patterson

..... Vice Chairman
N R Thomas

..... Chief Executive
H L Cooke

Welsh Hospitals and Health Services Association

8

(a company limited by guarantee with no share capital)

Cash flow statement for the year ended 31 December 1995

	Note	1995 £	1994 £
Net cash (outflow)/inflow from operating activities	15	(120,249)	109,103
Returns on investments and servicing of finance			
Investment income		122,286	89,990
Interest received		9,484	12,457
Taxation			
UK corporation tax paid		(11,018)	(11,828)
Investment activities			
Purchase of tangible fixed assets		(5,509)	(35,305)
Purchase of investments		(305,463)	(733,356)
Sale of tangible fixed assets		-	17,150
Redemption of investments		296,566	31,076
(Decrease)/increase in cash and cash equivalents	16	(13,903)	(520,713)

(a company limited by guarantee with no share capital)

Accounting Policies

The financial statements have been prepared in accordance with Applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Depreciation

Depreciation is calculated to write off the cost of fixed assets over the useful life of the asset. The annual rates of depreciation which are consistent with prior years are:

Freehold property	2½% from date of revaluation
Motor vehicles	25% straight line on original cost
Office fixtures, fittings and equipment	20% on written down value
Computer system	20% straight line on original cost

No depreciation is provided on freehold land

Investments

Investments are shown at their original cost less provision for any permanent diminution in value.

Investment Income

Investment income is accounted for on a receivable basis.

Contribution Income

Contributions are accounted for on an accruals basis.

Claims

Claims are accounted for on an accruals basis.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Welsh Hospitals and Health Services Association

10

(a company limited by guarantee with no share capital)

Notes to the financial statements for the year ended 31 December 1995

1 Contributions

	1995	1994
	£	£
Works and establishments	2,853,641	2,209,613
Individuals	653,534	422,223
	<u>3,507,175</u>	<u>2,631,836</u>

2 Other income

	1995	1994
	£	£
Investment income	134,003	93,948
Profit on redemption of investments	10,340	262
Rents receivable	18,750	18,750
Deposit account interest	9,484	12,457
Miscellaneous	179	136
	<u>172,756</u>	<u>125,553</u>

3 Claims

	1995	1994
	£	£
Hospital benefits:		
General	1,082,094	691,167
Maternity	151,999	120,430
Maternity at home	-	400
Convalescent homes	7,414	4,559
Home Care	10,006	6,104
Appliances:		
Optical	888,365	681,939
Dental	547,652	447,678
Complementary treatment	250,676	128,220
Specialist consultation	128,900	95,262
	<u>3,067,106</u>	<u>2,175,759</u>

Welsh Hospitals and Health Services Association

11

(a company limited by guarantee with no share capital)

Notes to the financial statements for the year ended 31 December 1995 (continued):

4 Administration

	1995	1994
	£	£
Salaries	134,586	129,208
Social security costs	10,732	9,701
Pension costs	10,869	11,164
Policyholders protection levy (see below)	9,758	22,080
Printing, stationery and office expenses	64,015	68,856
Postage and telephone	28,226	28,703
Travel expenses	13,871	11,502
Repairs and maintenance	1,986	2,508
Audit	6,609	6,416
Legal and professional fees	38,153	41,085
Computer software and maintenance	9,525	12,142
Rates and insurance	7,365	6,694
Computer bureau charges	5,557	4,417
Lighting, heating and cleaning	3,795	2,741
Rental charges	1,392	1,857
Bank charges	34,173	13,978
Personal Accident insurance premium	30,763	7,985
Miscellaneous	22,920	26,348
	<u>434,295</u>	<u>407,385</u>

Under the Policyholders Protection Act 1975 Authorised Insurance Companies may be required to pay a levy to the Policy Holders Protection Board of up to 1% of contribution income receivable for the previous financial year.

The average number of employees during 1995 was 12 (1994 : 12).

5 Development

	1995	1994
	£	£
Officers:		
Salaries	32,255	31,148
Social security costs	3,573	3,441
Pension costs	4,100	3,918
Travelling expenses	8,074	8,490
Annual General Meeting and luncheon expenses	4,968	6,053
Advertising and special publicity	17,871	17,207
Postages and telephone	611	672
Rental charges	857	-
	<u>72,309</u>	<u>70,929</u>

Welsh Hospitals and Health Services Association

12

(a company limited by guarantee with no share capital)

Notes to the financial statements for the year ended 31 December 1995 (continued):

6 Depreciation

	1995	1994
	£	£
Freehold land and buildings	7,810	7,810
Office fixtures, fittings and equipment	4,336	2,589
Motor vehicles	8,766	8,309
Computer system	1,258	3,288
	<u>22,170</u>	<u>21,996</u>
(Profit) on disposal of assets	-	(2,790)
	<u>22,170</u>	<u>19,206</u>

7 British Health Care Association

	1995	1994
	£	£
Annual subscriptions	2,225	2,515
Annual Conference - delegates expenses	4,322	2,831
	<u>6,547</u>	<u>5,346</u>

8 Taxation

	1995	1994
	£	£
(a) Taxation charge		
United Kingdom Corporation tax @ 25% (1994 : 25%) based on the taxable profits:		
Charge for the year	24,115	20,610
In respect of prior years	(2,244)	19
Tax credit on franked investment income	5,105	1,939
	<u>26,976</u>	<u>22,568</u>
Deferred taxation		
Charge for the year	377	1,083
In respect of prior years	(1,099)	-
	<u>26,254</u>	<u>23,651</u>

(b) The freehold land and buildings are shown in the financial statements at a valuation of £355,000. If the property were realised at this amount the corporation tax on the gain would be approximately £97,000.

(a company limited by guarantee with no share capital)

Notes to the financial statements for the year ended 31 December 1995 (continued):**9 Tangible fixed assets**

	Freehold land and buildings	Computer System	Office fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 1995	355,000	34,768	43,579	35,063	468,410
Additions	-	-	5,509	-	5,509
Disposals	-	-	-	-	-
At 31 December 1995	355,000	34,768	49,088	35,063	473,919
Depreciation					
At 1 January 1995	-	31,326	32,368	8,019	71,713
Eliminated on disposal	-	-	-	-	-
Charge for the year	7,810	1,258	4,336	8,766	22,170
At 31 December 1995	7,810	32,584	36,704	16,785	93,883
Net book value					
At 31 December 1995	347,190	2,184	12,384	18,278	380,036
At 31 December 1994	355,000	3,442	11,211	27,044	396,697

The freehold land and buildings were revalued at £355,000 on 21 December 1994 by Fletcher Morgan, Chartered Surveyors.

If the land and buildings had not been revalued they would have been included at the following amounts:

	1995	1994
Cost	£34,273	£34,273
Aggregate depreciation based upon cost	£16,071	£15,317

Welsh Hospitals and Health Services Association

14

(a company limited by guarantee with no share capital)

Notes to the financial statements for the year ended 31 December 1995 (continued):

10 Investments

	1995 Cost £	1995 Market value £
Government stock	324,139	338,720
Quoted equity investments	721,569	741,986
	<u>1,045,708</u>	<u>1,080,706</u>

11 Debtors

	1995 £	1994 £
Contribution income receivable	318,850	294,289
Other debtors	18,698	24,496
	<u>337,548</u>	<u>318,785</u>

12 Creditors: amounts falling due within one year

	1995 £	1994 £
Claims payable	290,794	304,728
Contributions paid in advance	116,961	93,608
Corporation tax payable	17,147	14,000
Policyholders protection levy	26,318	22,080
Insurance premium tax	21,977	18,540
Other	48,763	16,400
	<u>521,960</u>	<u>469,356</u>

13 Provisions for liabilities and charges

Deferred taxation

	1995		1994	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowance	-	(529)	32	-
Short term timing differences	2,495	-	3,186	-
Chargeable gain on revaluation	-	97,000	-	105,000
	<u>2,495</u>	<u>96,471</u>	<u>3,218</u>	<u>105,000</u>

(a company limited by guarantee with no share capital)

Notes to the financial statements for the year ended 31 December 1995 (continued):

14 Reserves

	Revenue Account £	Property Revaluation Reserve £	Computer System Reserve £	Total £
At 1 January 1995	2,451,760	336,044	45,000	2,832,804
Deficit for the year	(44,445)	-	-	(44,445)
Release from revaluation reserve	7,056	(7,056)	-	-
At 31 December 1995	<u>2,414,371</u>	<u>328,988</u>	<u>45,000</u>	<u>2,788,359</u>

15 Reconciliation of (deficit)/surplus before taxation to net cash (outflow)/inflow for operating activities

	1995	1994
(Deficit)/Surplus before taxation	(18,191)	50,224
Investment income	(134,003)	(93,948)
Deposit account interest	(9,484)	(12,457)
(Profit) on disposal of investment	(10,340)	(262)
(Profit) on disposal of fixed assets	-	(2,790)
Depreciation	22,170	21,996
(Increase) in contribution income receivable	(24,561)	(63,247)
Decrease/(Increase) in debtors	4,703	(6,336)
Increase in creditors	49,457	215,923
	<u>(120,249)</u>	<u>109,103</u>

16 Cash and cash equivalents

	1995 £	1994 £
Changes during the year:		
At 1 January	1,563,425	2,084,138
Net cash (outflow)/inflow	(13,903)	(520,713)
At 31 December	<u>1,549,522</u>	<u>1,563,425</u>

	1995 £	1994 £	Change £
Analysis of balances			
Cash at bank and in hand	<u>1,549,522</u>	<u>1,563,425</u>	<u>(13,903)</u>

**Notes to the financial statements
for the year ended 31 December 1995 (continued):**

17 Pension schemes

The Association participates in two centralised defined contribution schemes. The assets of the schemes are held separately from those of the Association in independently administered funds.

18 Association status

The Association is a registered company limited by guarantee with no share capital. The liability of each member is limited to £1.

19 The Companies Act 1985

These accounts have been prepared in compliance with Section 255 and Schedule 9(2) of the Companies Act 1985

20 Capital commitments

There are no capital commitments outstanding at the year end (1994 : £nil).