

**The Benenden Hospital Trust**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**Year ended 31 December 2023**

**Registered Number: 03454120**

**Charity Number: 1065995**

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## **The Board of Governors Annual Report 2023**

The Board of Governors (who are Directors of the Benenden Hospital Trust for the purposes of the Companies Act 2006 and are also Trustees of the Benenden Hospital Trust) present their Annual Report and audited Financial Statements of The Benenden Hospital Trust ("BHT" or "Charitable Company" or "Hospital") for the year ended 31 December 2023.

The Annual Report and Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association, and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### **Chair's Report**

This year the Hospital has seen a significant increase in demand for its services, not only from The Benenden Healthcare Society Limited ("Society") members but also from private and NHS patients. More patients than ever attended the Hospital with over 71,000 appointments and 10,500 patient admissions and as a result, we were able to grow our total income by 17% including an uplift in NHS income by 32% compared to 2022. The year ended with a surplus of £0.63m, and a healthy balance sheet and cash position. This is an important step to the Hospital becoming more self-sufficient with less reliance on the Society for financial support.

The Hospital made excellent progress implementing its 5-year plan which underpins its 2028 Vision. A key objective of the strategy is to build the Hospital's capabilities and focus on our strengths. We have done this by investing in innovative technology, acquiring two clinical robots. The first provides Aquablation treatment for enlarged benign prostates which has already exceeded its projected income targets. Then more recently a robotic assisted knee replacement service, very timely as for the first time the orthopaedic team performed over 1,000 joint replacements in a year. We have grown our Plastic Surgery specialty by engaging additional clinicians and expanding the range of services offered.

Another key strategic objective is to create a sustainable future for the Hospital, so in 2023 we completed a base line exercise to measure its carbon footprint and implemented a plan to achieve net zero for scope 1 and 2 carbon emissions by 2050. As part of that plan, we started the installation of a gas capture system in the operating theatres to prevent damaging anaesthetic gases being released into the atmosphere. The implementation was completed in early 2024 with the Hospital becoming the first independent private hospital in the UK with this system.

Despite the ongoing challenge of a shortage of clinical staff we have the lowest number of vacancies in our workforce for some years. We believe this is because we continue to value and support the physical and mental wellbeing of our staff and were able to provide most staff with financial support for winter fuel payments through to March 2023. The Hospital holds a "We invest in wellbeing" Silver award, which reflects all aspects of employee wellbeing.

A highly successful Best of Benenden Awards Ceremony was held in November with the largest ever number of award nominations. This event is where we recognise and celebrate the outstanding contributions our staff make to the Hospital. These peer-nominated awards recognise excellence and innovation and honour the efforts of individuals and teams who embody the organisation's values and behaviours and those who make a significant positive impact at the Hospital.

Looking forward we continue to focus on how we can best help our Society members and patients, support our Hospital colleagues and develop our business, looking for opportunities to broaden the services we offer and collaborate with our Society colleagues.

## **The Board of Governors Annual Report 2023**

A significant change for us in 2024 is that Jane Abbott, our Hospital Director, is retiring in June. Jane joined Benenden Hospital in March 2003 and was promoted to Hospital Director in May 2009 and has had a long and outstanding career with us. Under Jane's excellent leadership the hospital underwent a complete redevelopment, during which it achieved a CQC Outstanding rating which it has retained and is the only independent hospital in Kent to hold this rating. In addition, Jane has led the achievement of numerous clinical certifications and people awards. Continuing the Hospital's history of innovation, Jane championed the use of webinars and social media to promote the services offered and the Introduction of our first robots. Jane leaves a much improved hospital with an exemplary quality and patient focused service provision and culture. On behalf of the Board of Governors and all Hospital colleagues I would like to thank Jane for her immense contribution and achievements.

Claire Harley, formerly our Director of Patient Services, succeeds Jane. Claire joined the hospital in May 2010 and has played a significant part in supporting Jane in the development of Benenden Hospital over that time. We are pleased to welcome Claire to her new role.

Finally, I would like to thank all the Hospital staff for their continued commitment, support and expertise which has not only enabled the Hospital to move forward with its strategy but maintain a welcoming environment, excellent care for our patients and delivered a net surplus in 2023.

## **Objectives and Activities**

### **About Benenden Hospital Trust Limited**

The principal objectives and activities of BHT are governed by its Articles of Association. The principal objective of the Trust is 'the relief of hardship caused by sickness, infirmity, disability or any medical condition in particular by the provision of surgical and medical treatment, nursing care and otherwise to the members of The Benenden Healthcare Society Limited ("Society"), their nominees and, if the Governors think fit, to other persons in need'.

In setting BHT's objectives and planning its activities the Governors have considered the Charity Commission's general guidance on public benefit.

### **Our Strategic Objectives**

BHT's strategic objectives, which are underpinned by its values and mission are:

- Deliver excellence in everything we do
- Grow profitable income
- Develop our capability and increase our efficiency
- Committed to working towards a sustainable future

### **Our Activities**

BHT is one of the main providers of surgical and medical treatment to members and nominees of the Society, which provides low cost health care to its members with membership open to all. In addition, services are provided to patients funding their own treatment as private patients either directly as Self-Pay, or through Private Medical Insurance cover. BHT is also an accredited NHS Provider with NHS patient referrals accepted for a range of specialties with local Clinical Commissioning Group (CCG) contracts in place.

## **The Board of Governors Annual Report 2023**

BHT measures the success of its activities both in terms of financial performance and in terms of the number of patients treated during the year. An overview of the Hospital's Achievements and Performance is set out on page 6.

### **Political Contributions**

BHT made no political contributions during the year (2022 : £nil).

### **Our Values**

The Hospital's values determine the way that BHT acts at all times. Those values are:

- Be Caring
  - We know what we do matters
  - We're proud and enjoy what we do
  - We promote a culture of care, respect, compassion, and wellbeing
- Be Connected
  - We collaborate and share across teams, departments and the Hospital
  - We listen to understand each other and our patients' needs
  - We support one another by having open and honest conversations
  - We recognise that we're stronger together
- Be Brave
  - We embrace change
  - We challenge and ask "why" as well as "why not"
  - We always want to learn
  - We are not afraid of trying new concepts and ideas
- Be Smart
  - We approach problems with a solution mindset
  - We actively seek to improve and be better
  - We spend the Charitable Company's money wisely
  - We're invested in the future of the Hospital

### **Our People**

BHT places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, a fortnightly internal newsletter (Connect), presentation of the Annual Operational Plan to all staff, and the Hospital engagement platform, Blink.

BHT prides itself in providing equal opportunities to all and welcomes applications from a diverse range of applicants, including those with disabilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Charitable Company continues and that appropriate training is arranged. It is the policy of the Charitable Company that the training, career development and promotion of all individuals is equal, as far as is possible.

BHT also values the opportunity to work in partnership with our consultant colleagues who support the hospital through engagement in the Medical Advisory Committee, specialty reviews and service development initiatives as well as providing high quality care to our patients.

## The Board of Governors Annual Report 2023

### Achievements and Performance

#### Performance

Demand for the Hospitals services has been high throughout the year across all patient channels. Activities are summarised below:

	2023 Number	2022 Number	Growth %
Referrals	36,054	29,872	+20.7%
Appointments	71,735	61,616	+16.4%
Admissions	10,514	9,351	+12.4%

The growth in activity levels was driven by high demand from Society members, an increase in NHS activities and continued growth in Self-Pay income.

Income from charitable activities can be analysed by channel as follows:

	2023 £'000	2022 £'000	Growth %
<b>Income from:</b>			
Society	30,037	25,474	+17.9%
NHS	7,699	5,813	+32.4%
Self-Pay	10,105	9,638	+4.8%
Private Medical Insurance	820	570	+43.9%
Total income from charitable activities	48,661	41,495	+17.3%

# **The Board of Governors Annual Report 2023**

## **Financial Review**

In the opinion of the Governors the overall level of activity and financial position of the Charitable Company remains satisfactory.

The Charitable Company's income for the year from all sources was £49,530k (2022: £43,082k) and within this total income are legacies received during the year amounting to £1k (2022: £418k). The Charitable Company's total expenditure for the year was £48,902k (2022: £44,371k). For the year, there was a net surplus of £628k (2022 net deficit of £1,289k). The net asset position at the 31 December 2023 was £15,880k (2022: £15,252k).

The Charitable Company's principal source of Income is from clinical services and treatment provided to Society members, private patients and NHS patients. In addition, BHT received voluntary donations of £331k (2022: £852k) from the Society as a contribution to support capital investment and to fund additional cost of living payments made to staff. The Charitable Company's Statement of Financial Activities for the year is set out on page 24.

## **Reserves Policy**

As at 31 December 2023, BHT held £6.8m (2022: £5.1m) in free reserves (net assets excluding fixed assets and restricted funds). Although it is not required to do so by the Charities Commission these reserves are to cover the working capital requirement for at least one month.

BHT has a target Reserves Policy equivalent to 3.0 x monthly running costs (all hospital costs excluding directly variable costs). At 31 December 2023 the level of Reserves was equivalent to 2.8 x monthly running costs (2022: 2.3 x).

The current ratio (current assets: current liabilities) target of 2.0 was exceeded at 31 December 2023 with a ratio of 2.7 (2022: 2.4).

## **Going Concern**

The Governors are required to assess the ability of BHT to continue as a going concern as part of the annual accounts production process (detailed information is provided in the going concern note within the Statement of Accounting Policies).

The Governors have considered, in detail, the forecasted financial position to the end of 2025, this being at least 12 months from the date of signing of the financial statements and based on the actual performance to 31 March 2024. The assessment has been made on a prudent view and this shows that cash levels are expected to remain above the monthly minimum target of £2m throughout this period. The Society has agreed, through a Letter of Comfort, to support the Hospital with a further £5m if required at any point during this period. The Governors are satisfied with the level of support that this letter provides.

In February 2022 the Society made an offer for the transfer of the business and the assets of the Hospital to a subsidiary of the Society. This proposed transaction is not as a result of any financial issues and there is no intention for the business of the hospital to cease at any time in the future.

## **The Board of Governors Annual Report 2023**

On 7 May 2024 BHT received approval from the Charity Commission to proceed with the proposed transaction. However, the proposed transaction is still subject to approval by the Members of The Benenden Hospital Trust, as well as completion of other necessary regulatory and legal steps. At the date of signing the accounts, Members approval and regulatory consent are outstanding, and therefore both whether a transaction will occur, and the timing of any transaction, remain uncertain.

Having considered the uncertainties, future financial projections and the funding provided by the Society to support the financial operations, the Governors have determined that it remains appropriate to adopt the going concern basis in preparing the financial statements.

However, given the proposed transaction with the Society to transfer the assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# The Board of Governors Annual Report 2023

## Future Plans

### Vision

The vision of BHT is to be the South East's leading private hospital, renowned for excellence.

### Strategy

The Hospital's 5-year plan for 2023 to 2028 is based on four key strategic imperatives which the Governors believe will ensure that BHT continues to meet its objectives

- Deliver excellence in everything we do
- Grow profitable income
- Develop our capability and increase our efficiency
- Commitment to working towards a sustainable future

### Excellence

Our workforce plan will ensure that the Hospital has the resources and skills to continue to deliver outstanding patient care through all stages of the patient pathway. We will commence a capital renewal programme in 2024 to ensure that our facilities remain up to date in the future.

### Growth

We continue to develop existing services and add new ones, for example in Plastic/Cosmetic surgery, and we work closely with the NHS and Private Medical Insurers to better serve their patients.

In December 2023 the Society made changes for those Society members in what is known as the "outer catchment area" which means that they will no longer be required to use the Hospital for treatment and can instead be referred to a local hospital. This will reduce Society income by approximately £1.5m in 2024.

In addition, from 1 January 2024 the Society removed the treatment of varicose veins from the list of treatments that it would provide for members. This will reduce Society income by approximately £1.5m in 2024.

BHT's growth objectives will ensure that the Hospital is able to develop new income streams to replace the lost income.

### Capability and Efficiency

We will continue to invest in systems and processes that improve the Hospital's efficiency and ensure that the Charitable Company's money is spent wisely. This has included investment in two robots in 2023, for the provision of robotic assisted knee replacement surgery and for Aquablation treatment of enlarged benign prostates.

### Sustainability

BHT is committed to working towards a sustainable future, not only environmentally but also socially and from a governance perspective. During 2024 plans will include replacement of lighting with energy efficient LED bulbs and the installation of EV chargers.

# **The Board of Governors Annual Report 2023**

## **Reference and Administrative Information**

### **The Board of Governors**

- Ms A Hays (Chair)
- Mr R Andrews (resigned 25 April 2024)
- Mrs P Clark
- Dr D Marmion (appointed 5 July 2023)
- Mrs K Horsford (resigned 30 June 2024)
- Mr A Pilgrim
- Mr P Rich
- Ms M Dodd (appointed 21 June 2024)

### **Hospital Executive**

- Mrs J Abbott: Hospital Director until 16 April 2024
- Ms M Anderson: Director of Human Resources & Organisational Development
- Mr A Chipperfield: Medical Director from 6 March 2024
- Mr M Cowling: Chief Information Officer (Society)
- Mrs C Harley: Director of Patient Services until 16 April 2024, Hospital Director from 17 April 2024
- Mr P Puxty: Finance Director
- Mrs A Turner: Director of Clinical Services from 1 April 2024
- Miss V Smith: Director of Operations from 16 May 2024

### **External Auditors**

Deloitte LLP  
Hanover Building, Corporation St, Manchester M4 4AH.

### **Internal Auditors**

RSM Risk Assurance Services LLP  
5<sup>th</sup> Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

### **Bankers**

National Westminster Bank PLC  
South Essex Commercial Office, 3<sup>rd</sup> Floor Phoenix Place, Christopher Martin Road, Basildon, SS14 3GQ

### **Solicitors**

Brachers LLP  
Sommerfield House, 59 London Road, Maidstone, ME16 8JH

# **The Board of Governors Annual Report 2023**

## **Registered Office & Business Address**

The Benenden Hospital Trust  
Goddard's Green Road, Benenden, Cranbrook, TN17 4AX

Telephone: 01580 230661

Website: [www.benendenhospital.org.uk](http://www.benendenhospital.org.uk)

Registered number: 3454120

Charity number: 1065995

## **Structure, Governance and Management**

### **Structure**

BHT was incorporated in the United Kingdom on 23 October 1997 (company number 3454120) and was registered as a Charitable Company by the Charity Commissioners on 20 November 1997 (registered number 1065995). The Articles of Association, as amended by a special resolution dated 27 February 2014, govern the Charitable Company.

On the 1 July 2003 BHT became a controlled body of The Benenden Healthcare Society Limited which is an incorporated Friendly Society, registered under the Friendly Societies Act 1992 (registered number 480F). Transactions with related parties are set out in note 22 to the Financial Statements.

### **Appointment of Governors**

The Governors are appointed in accordance with the Charitable Company's Articles of Association. The number of the Governors should not be less than three but is not subject to any maximum. Appointments are normally reviewed every two years and Governors are either re-appointed or replaced with new appointments. In line with the Society's own articles, aligned with its regulator as a Friendly Society, the Society shall appoint the majority of the Governors and may remove or replace any person it appoints.

BHT may also, by ordinary resolution, appoint a person(s) who is willing to act to be a Governor either to fill a vacancy or as an additional Governor providing that there is always the majority of Nominated Governors on the Board. No person shall be appointed or re-appointed a Governor at any general meeting unless they are recommended by the Governors.

New appointees undergo an induction programme to BHT and together with existing Governors periodically undertake a training course to understand the duties and responsibilities of Governors.

The arrangements for setting the pay and remuneration of the Charitable Company's key management and personnel are set out in the Remuneration & Nominations Committee section on page 12.

## **The Board of Governors Annual Report 2023**

### **Hospital Audit Committee**

The Governors have an established Audit Committee. This is a sub-committee of the Board and is responsible for ensuring effective systems of internal control, inspection and reporting are maintained, including compliance testing to safeguard the assets of the Charitable Company. Additionally, the Audit Committee is responsible for ensuring that the Charitable Company's affairs comply with the Companies Act 2006 and the Charities Statement of Recommended Practice (FRS102).

The Audit Committee are also responsible for review of risk and receives reports from an independent internal auditor, RSM Risk Assurance Services LLP, who reviews key systems and potential risks based on a programme of need determined by the Audit Committee in conjunction with the auditor. Minutes of the Audit Committee are submitted to the Governors and a summary report is presented to the Group Audit and Risk Committee of the Society. The Audit Committee also meets with the external auditor and receives a management report following their audit.

The current members of the Audit Committee are: Governors, Mr A Pilgrim (Chair), Mrs P Clark and Mr P Rich.

### **Remuneration & Nominations Committee**

The Governors have an established Remuneration Committee and a Nominations Committee. The Remuneration Committee reviews the annual pay award to staff with a recommendation made to the Governors, which approves the pay award. It also sets the remuneration to attract the right calibre of individuals to senior positions. The Nominations Committee considers the knowledge and skills requirements of the Governors whilst ensuring the organisation is fit for purpose to meet the workforce needs of the future.

The current members of the Remuneration Committee and the Nominations Committee are: Governors, Ms A Hays (Chair), Mrs P Clark and Mrs K Horsford.

### **Clinical Governance**

The Charitable Company has effective governance systems in place which oversee all components of risk management, including patient safety, infection control, complaints, claims, patient information and internal and external regulation.

On a quarterly basis, a multi-disciplinary Quality & Safety Committee, with responsibility for all risk components, reviews all governance issues including reports on Occupational Health, Health and Safety, Patient Safety, Infection Control, Resuscitation and Clinical Audit.

The Quality & Safety Committee is attended by Mrs P Clark as well as other Governors on an ad hoc basis.

## The Board of Governors Annual Report 2023

### Risk Management

The Governors have an established Risk Management Framework which, supported by a Board Assurance Framework and the High-Level Risk Register, aims to enhance the quality of services offered to patients. BHT recognises the need for robust systems and processes to support continuous risk management, enabling members of staff to integrate risk management into their daily activities and support better decision making through a good understanding of risks and their likely impact.

BHT recognises that positive and managed risk-taking is essential for control of growth, development, and innovation. The Governors have set out in its risk management policy, its risk appetite and has adopted a formal risk matrix to allow risks to be fully understood and evaluated against that risk appetite. The following are considered the principal risks:

Risk	Mitigation
<p><b>Society Service Changes</b> Changes to the services provided by the Society to its Members could impact income.</p>	<p>Under the growth objective of the Hospital's strategy, detailed plans have been put in place to develop alternative income streams to compensate for any income that will be lost as a result of future changes.</p>
<p><b>Quality of Care</b> Failure to meet regulatory guidance could compromise the quality of care and treatment offered by BHT and could lead to suspension of regulated activity and financial penalties.</p>	<p>To mitigate this risk, a robust internal governance and assurance framework is maintained, demonstrating adherence with the necessary quality and safety standards. Prominence is placed on continuous improvement, providing the best possible patient care in the right way, by the right people, in the right place and at the right time.</p>
<p><b>Workforce</b> National shortage of clinically trained staff and an ageing workforce at BHT, could lead to a reduction in capacity or required skills to manage demand.</p>	<p>Appropriate succession plans and other initiatives designed to support and mitigate against an ageing workforce are in place or being developed to provide a workforce fit for purpose to future proof the Hospital for the years ahead. An appropriate cost of inflation has been included in the budget for 2024 and the Hospital remains committed to paying the Real Living Wage in 2024.</p>
<p><b>Cyber Security</b> Cyber security risk is increasing, driven by global connectivity and use of cloud services. Cyber threats can come from any level in the organisation and could result in data theft/loss or corruption, leading to financial breaches, reputational damage, or disruption to services.</p>	<p>As BHT moves from fully on site, ringfenced IT systems to use of cloud-based solutions the Governors have recognised the need to significantly increase its cyber security cover. Investment has been made throughout 2023 as part of an established IT plan in conjunction with the Society to ensure much greater control and scrutiny over cyber risk.</p> <p>Regular penetration testing and phishing exercises are carried out. BHT holds Cyber Essentials Plus accreditation.</p>

## The Board of Governors Annual Report 2023

Risk	Mitigation
<p><b>Business Continuity</b> Due to the ongoing effects of Brexit and the wars in Ukraine and Israel, there is a risk that a supply chain failure could cause disruption to BHT with regards to, purchasing medical consumables, increasing costs for the organisation or inability to complete procedures</p>	<p>BHT now purchase many key theatre items from NHS Supply Chain as there is more confidence in their continuity of supply. Where possible, higher levels of stock are in place for key items.</p> <p>Incident reporting and monthly monitoring is in place to ensure current risks are understood and reported to management.</p>

### Management

The strategy of the Charitable Company is set by the Governors and implemented by the Hospital Executive. The Strategic Report, as required by the Companies Act, is included in this Governor's Report. The Governors met formally on a total of 6 occasions during 2023 (2022 : 5). The Governors approved the strategies and major policies related to the running of the Charitable Company, including the Standing Financial Instructions and the budget for the year ending 31 December 2023.

The Governors monitor performance in all key areas through several key performance indicators and receive regular reports on Activity, Finance, Complaints, Risk Management, Governance, and Health & Safety from the Hospital Executive.

### Attendance at Meetings

The record of attendance at Board and major Board Committee Meetings during the year ended 31 December 2023 is stated in the table below:

	Board		Audit Committee		Rem & Nom Committee	
	Called to	Attended	Called to	Attended	Called to	Attended
Angela Hays	6	6	-	-	2	2
Bob Andrews	6	5	-	-	-	-
Paula Clark	6	6	4	4	2	2
Kim Horsford	6	6	-	-	2	1
Damien Marmion	3	3	-	-	-	-
Alan Pilgrim	6	6	4	4	-	-
Paul Rich	6	6	4	4	-	-

## **The Board of Governors Annual Report 2023**

### **Insurance of Governors**

The Hospital maintains insurance for the Governors in respect of their duties as directors and Governors.

### **Taxation**

The Benenden Hospital Trust is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the Charitable Company is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the current financial year (2022: £nil).

### **Governors' Responsibilities in Relation to the Financial Statements**

The Governors (who are also Directors of the Benenden Hospital Trust for the purposes of company law and are also Trustees of the Benenden Hospital Trust) are responsible for preparing a Governor's annual report and financial statements in accordance with 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 Republic of Ireland".

Company law requires the Governors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing the financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included in the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **The Board of Governors Annual Report 2023**

### **Section 172 Report**

The Governors recognise the best practice outlined in section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Hospital for the benefit of its stakeholders. In doing so, they will have regard to:

- a. The likely consequences of any decision in the long term – as set out on page 9, the Hospital has developed an integrated Vision and Strategy for the next 5 years which will prepare the Hospital for the future.
- b. The interests of the Charitable Company's employees – as set out on page 5, the Hospital places considerable value on the engagement and full involvement of its employees and continually keeps them informed on matters affecting them. This is achieved through formal and informal meetings, a fortnightly internal newsletter (Connect), presentation of the Annual Operational Plan to all staff, and the Hospital engagement platform (Blink).
- c. The need to foster the Charitable Company's business relationships with suppliers, customers and others – throughout 2023 the Hospital has worked closely with its suppliers to ensure that, despite global supply chain issues, the Hospital has not been adversely impacted by stock shortages. As noted on page 5 the Hospital engages with its consultant colleagues through the Medical Advisory Committee. The Hospital meets regularly with the Society as well as its key NHS and Private Medical Insurance customers to ensure it continues to meet their needs.
- d. The impact of the Charitable Company's operations on the community and environment – as noted on page 9, the Hospital's commitment to a sustainable future forms an integral part of its 5 year strategy. This does not only include environmental sustainability, but also covers social and governance responsibilities.
- e. The desirability of the Charitable Company maintaining a reputation for having high standards of business conduct – the Hospital's values, which determine the way that BHT acts at all times, are set out on page 5. The Hospital is very proud to have maintained its Outstanding rating with the Care Quality Commission. The Board of Governors review both safety and patient experience each time they meet.
- f. The need to act fairly as between stakeholders of the Charitable Company – as noted on page 5, the Hospital prides itself on providing equal employment opportunities for all. As set out on page 4 the objectives of the Charitable Company are to provide treatment to members of the Society, their nominees and anybody else that the Governors consider in need.

## The Board of Governors Annual Report 2023

### Streamlined Energy and Carbon Reporting

In accordance with the Streamlined Energy and Carbon Reporting ("SECR") requirements, the Hospital sets out its emissions for the years ended 31 December 2022 and 2023 below. The main metric we use to understand our emissions is our carbon footprint, measured in tCO<sub>2</sub>e (tonnes of carbon dioxide equivalent). The increase in Scope 1 and Scope 2 emissions in 2023 is as a result of increased usage of gas, electricity and anaesthetic gases in the year which reflects the Hospital's growth in both revenue and patient numbers.

	2023 Tonnes CO <sub>2</sub> e	2022 Tonnes CO <sub>2</sub> e
<b>Operational Emissions</b>		
<b>Scope 1</b> Combustion of gas and diesel	653.10	594.98
<b>Scope 1</b> Anaesthetic gases	102.75	67.48
<b>Scope 1</b> Airconditioning gases	50.85	12.32
<b>Scope 2</b> Purchased electricity (location based)	511.79	487.90
<b>Total</b>	<u>1,318.49</u>	<u>1,162.68</u>
<b>Intensity Ratio</b> – revenues (per £million)	<u>26.62</u>	<u>26.99</u>
<b>Intensity Ratio</b> – patient admissions (per patient)	<u>0.13</u>	<u>0.12</u>
<b>Total Energy Used</b> (MWh)	<u>6,092.51</u>	<u>5,661.61</u>

#### Methodology

We have followed the government's guidelines on Streamlined Energy and Carbon Reporting.

We buy all of our gas and electricity directly and have used kWh figures from our providers. We have estimated carbon emissions based on the government's conversion factors.

Usage of anaesthetic gases has been calculated based on purchases of each type of gas in the year. We have estimated carbon emissions using the Royal College of Anaesthetists' emissions calculator which is itself based on the government's conversion factors.

#### Intensity Ratio

We have used both revenue and number of patient admissions to calculate the emissions intensity ratio as these both reflect the level of activity at the Hospital.

## **The Board of Governors Annual Report 2023**

### **Energy Efficient Actions**

As noted on page 9, Sustainability is one of the four key strategic imperatives that underpin the Hospital's five year plan. During 2023 a bench marking exercise to measure the Hospital's carbon footprint was carried out and a plan agreed to achieve net zero carbon by 2050 in alignment with the UK government's own targets.

The following actions have been identified as part of the plan to net zero carbon and will be delivered in 2024:

- A system to remove anaesthetic gases from the atmosphere has now been installed in all 3 of the Hospital's operating theatres. In addition, in 2023 the Hospital ceased using Desflurane and Isoflurane, the anaesthetic gases which contribute most to emissions and in April 2024 has discontinued the use of Nitrous Oxide gas. These actions should significantly reduce emissions from anaesthetic gases in 2024.
- A programme to replace traditional light bulbs with LED will be carried out throughout 2024 thereby reducing the Hospital's electricity usage.
- To encourage staff to use electric vehicles to commute to the Hospital, during 2024 a salary sacrifice EV scheme will be introduced, and EV charges installed in the Hospital's car park.

### **Statement as to Disclosure to our Auditor**

In so far as the Governors are aware at the time of approving our Governors' Annual Report:

- There is no relevant information, being information needed by the Auditor in connection with preparing their report, of which the Charitable Company's auditor is unaware; and
- The Governors, having made enquiries of fellow directors and the Charitable Company's Auditor that they ought to have individually taken, have each taken steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

By order of the Board of Governors



Ms Angela Hays

Chair of the Board of Governors of the Benenden Hospital Trust

2 July 2024

# Independent Auditor's Report to the Members of The Benenden Hospital Trust

## Report on the audit of the Financial Statements

### Opinion

In our opinion the financial statements of The Benenden Hospital Trust (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities;
- the charitable company balance sheet;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### Basis of 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 the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

## Independent Auditor's Report to the Members of The Benenden Hospital Trust

### Material uncertainty relating to going concern

We draw attention to note 1 (b) in the financial statements, which indicates that the Governors are currently planning for a transaction with the Benenden Healthcare Society for the sale of the trading assets and liabilities of the charitable company to a subsidiary of the Society. In May 2024, the Charity Commission has given their approval of the proposed transaction. However, the transaction is still subject to approval by the Members of the charitable company, as well as completion of legal and regulatory procedures. As stated in note 1 (b), these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Governors

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the charitable company for the purpose of company law) 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 Governors 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 Governors are responsible for assessing the charitable company'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

## Independent Auditor's Report to the Members of The Benenden Hospital Trust

Governors either intend to liquidate the charitable company 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Governors about their own identification and assessment of the risks of irregularities, including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act, UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations, Care Quality Commission regulations and relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

## **Independent Auditor's Report to the Members of The Benenden Hospital Trust**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with Charity Commission.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the Governors' report.

## Independent Auditor's Report to the Members of The Benenden Hospital Trust

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Use of our Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Heaton (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom

2 July 2024

## Statement of Financial Activities For the year ended 31 December 2023

	Note	Restricted Funds 2023 £'000	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
<b>Income &amp; Endowments from</b>					
Donations and Legacies	3	-	357	357	1,275
Income from Charitable Activities		-	48,661	48,661	41,495
Other Trading Activities		-	406	406	302
Interest Received		-	106	106	10
<b>Total Income</b>		-	49,530	49,530	43,082
<b>Expenditure on Charitable Activities</b>					
	4	-	(48,902)	(48,902)	(44,371)
<b>Net Income/(Expenditure) &amp; Net movement in funds for the year</b>	6	-	628	628	(1,289)
<b>Reconciliation of Funds</b>					
Total Funds Brought Forward		59	15,193	15,252	16,541
<b>Total Funds Carried Forward</b>	14,15	59	15,821	15,880	15,252

All activities continue to relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year and the prior year.

Total funds for 2023 includes £59k of restricted funds under Reconciliation of Funds.


The notes on pages 27 to 43 form part of the financial statements. See note 13 for a comparative Statement of Financial Activities for the year ended 31 December 2022 analysed by funds.

## Balance Sheet

### As at 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Fixed Assets</b>			
Tangible Assets	8	7,866	8,580
Intangible Assets	9	1,114	1,513
		8,980	10,093
<b>Current Assets</b>			
Stock	10	669	528
Debtors	11	3,506	3,353
Cash at Bank & in Hand	18	6,676	4,961
		10,851	8,842
<b>Total Current Assets</b>			
<b>Creditors</b>			
Amounts Falling Due Within One Year	12	(3,951)	(3,683)
		6,900	5,159
<b>Net Current Assets</b>			
		15,880	15,252
<b>Net Assets</b>			
<b>The Funds of the Charity</b>			
Restricted Funds	14	59	59
Unrestricted Funds	14	15,821	15,193
		15,880	15,252
<b>Total Charity Funds</b>			

These Financial Statements of The Benenden Hospital Trust were approved by the Governors and authorised for issue on 2 July 2024 and signed on its behalf.



Ms Angela Hays  
Chair of the Board of Governors of The Benenden Hospital Trust

The notes on pages 27 to 43 form part of these Financial Statements

## Cash Flow Statement

### For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Net Cash Flow from Operating Activities</b>	16	2,615	2,388
<b>Cash Flows from Investing Activities</b>			
Returns on Investments	17	106	10
Capital Expenditure	17	(1,006)	(1,301)
<b>Cash used in Investing Activities</b>		<hr/> (900)	<hr/> (1,291)
Increase in Cash & Cash Equivalents in the Year		1,715	1,097
Cash & Cash Equivalents at the Start of the Year		4,961	3,864
<b>Total Cash &amp; Cash Equivalents at the End of the Year</b>	18	<hr/> <hr/> 6,676	<hr/> <hr/> 4,961

The notes on pages 27 to 43 form part of these Financial Statements

# Notes to the Financial Statements

## For the year ended 31 December 2023

### 1 Statement of Accounting Policies

#### a. Basis of Preparation of Financial Statements

The Benenden Hospital Trust, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 7 Governors or Trustees who are also members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The Charitable Company is a registered charity. The registered office is given on page 11.

The Financial Statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 – effective 1 January 2019) and the Companies Act 2006. The Benenden Hospital Trust (“BHT” or “Hospital” or “the Charitable Company”) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

#### b. Preparation of the Accounts on a Going Concern Basis

The accounting rules require the Governors to assess, as part of the accounts production process, the Hospital's ability to continue as a going concern.

On an on-going basis BHT monitors performance against the 2024 budget and reviews the out-turn position. Performance to date in 2024 is better than budget.

The Governors have considered the latest forecast, based on actuals to 31 March 2024, against the original budgeted/planned position to 31 December 2025. Currently it is not expected that the Hospital will require any further support from the Society but support up to a level of £5m has been agreed if required to enable the Hospital to meet its obligations as they fall due.

In February 2022 the Society made an offer to the Hospital for the transfer of the trading assets and liabilities of the Hospital to a subsidiary of the Society. In May 2024 the Charity Commission gave their approval of the proposed transaction. However, at the date of signing the accounts the proposed transaction is still subject to approval by the Members of the Hospital, as well as completion of necessary legal and regulatory steps. Whether a transaction will occur, and its timing, therefore remains uncertain.

Having considered the uncertainties, future financial projections and the funding support provided by the Society to support the financial operations, the Governors have a reasonable expectation that the Charitable Company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

# Notes to the Financial Statements

## For the year ended 31 December 2023

### 1 Statement of Accounting Policies

However, given the proposed transaction with the Society to transfer the business and assets to another entity, the Governors consider that there is a material uncertainty that may cast significant doubt over BHT's ability to continue as a going concern and therefore it may be unable to continue in its current form. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### c. Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

#### d. Income from Charitable Activities

Income is recognised in the period in which the Hospital has entitlement to the income, the amount of income can be measured reliably, and it is probable that the income will be received.

Income generated from patient services in the operation of an independent hospital is recognised to the extent that it is probable that the economic benefits will flow to the Hospital and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

#### e. Donations & Legacies

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is recognised where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donations received from the Society in 2023 were used to fund capital expenditure and support winter fuel payments from Oct 2022 to Mar 2023.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

# Notes to the Financial Statements

## For the year ended 31 December 2023

### 1 Statement of Accounting Policies

#### f. Interest Received

Interest on funds held on deposit is accrued as earned and added to the source fund to ensure appropriate use.

#### g. Income from Other Trading Activities

Income from other trading activities comprises revenue recognised by the Charitable Company in respect of goods and services supplied during the year, principally income from the Hospital canteen, exclusive of Value Added Tax and trade discounts.

#### h. Expenditure on Charitable Activities

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

#### i Pensions

BHT and the Society are participating employers in a pension scheme ("the scheme") which provides both a defined benefit and a defined contribution pension scheme that is contracted out of the State Scheme.

The funds held under the defined benefit scheme are valued every three years by a professionally qualified independent actuary, with the rates of contribution payable then being determined by the Pension Trustees on the advice of the independent actuary. The last actuarial valuation was performed at 31 March 2022 by Hymans Robertson LLP. The Society is the principal employer and, in line with FRS102, is considered the sponsoring employer of the scheme as it recognises the net defined benefit cost of the scheme and there is no contractual agreement or stated policy for recharging the section 28 net defined benefit cost. Consequently, the Society has recognised the FRS102 deficit of £12,130k (2022: £13,831k) at 31 December 2023, of which BHT's share is £9,219k (2022: £11,756k). The Board of Governors unanimously reached agreement on the requirement of the Hospital to make deficit payments in relation to the pension and payments started in March 2021.

Further details of the Group defined benefit scheme are disclosed in note 21 of the financial statements of the Society.

The pension deficit payments are recognised in the statement of financial activities as they are incurred. The Charitable Company recognised a total pension cost equal to its contribution payable for the year, which in the year ended 31 December 2023 was £3,144k (2022 : £3,764k).

#### j. Operating Leases

Rentals under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

## Notes to the Financial Statements For the year ended 31 December 2023

### 1 Statement of Accounting Policies

#### k. Tangible Fixed Assets & Depreciation

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

The Capitalisation Policy capitalises individual equipment purchases or groups of like purchases with a value of £5,000 or greater.

Depreciation is calculated to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold Improvements	4%
Medical Equipment	20%
Computer Equipment	33%
Fixtures & Fittings	14%
Motor vehicles	25%

#### l. Intangible Fixed Assets & Depreciation

Intangible fixed assets represent computer software and licences. The cost of these assets is their purchase cost, together with any incidental costs of acquisition such as development and implementation costs.

Computer software and licences are amortised on a straight-line basis over their expected useful economic life, at an annual rate of 20%.

#### m. Stock

Medical consumables and pharmacy stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### n. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

#### o. Cash at Bank & in Hand

Cash at bank and in Hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### p. Creditors & Provisions

Creditors and provisions are recognised where the Charitable Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

# Notes to the Financial Statements

## For the year ended 31 December 2023

### 1 Statement of Accounting Policies

#### q. Financial Instruments

BHT does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from trade debtors and payables to creditors and suppliers. The recognition of trade debtors and trade creditors is at cost. Deferred Income, accruals and prepayments are recognised at the amortised cost.

Financial assets and financial liabilities are recognised when the hospital becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires. Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

## Notes to the Financial Statements For the year ended 31 December 2023

### 2 Critical Judgements & Key Sources of Estimation Uncertainty

Preparation of the financial statements requires the Governors and management to make judgements and estimates. The items in the financial statements where these critical accounting judgements have been made include:

- **Pensions;** Assets of the scheme are held in The Benenden Healthcare Pension Plan. The Scheme also administers the pension arrangements of the Society. Under FRS102 the Society is considered to be the sponsoring employer, as it recognises the net defined benefit cost, and as such the Society has recognised the whole deficit of £12,130k (2022: £13,831k) as the deemed sponsoring employer. At 31 December 2023 the deficit attributable to BHT was £9,219k (2022: £11,756k). In January 2021 BHT entered into an agreement with the scheme and the Society whereby BHT would make deficit payments in relation to the pension and payments started in March 2021.

## Notes to the Financial Statements For the year ended 31 December 2023

### 3 Donations & Legacies

	2023 £'000	2022 £'000
Legacies	1	418
Donations – Benenden Healthcare Society	331	852
Donations – Rising Mercury Society	25	5
<b>Total Donations &amp; Legacies</b>	<b>357</b>	<b>1,275</b>

There were no restrictions placed on any funds from Donations and Legacies received in 2023.

### 4 Analysis of Resources Expended by Expenditure Type

	Note	2023 £'000	2022 £'000
Staff Costs	7	16,864	15,996
Depreciation & Amortisation		2,156	2,541
Clinical Consultants Fees		12,424	10,645
Medical Consumables		7,164	5,964
Clinical Service Contracts		674	653
Governance Costs	5	245	180
Marketing & Business Development		507	434
Rent Payable to Benenden Society		2,600	2,463
IT Service Costs		2,018	1,728
Hospital Services		4,250	3,767
<b>Total Expenditure by Type</b>		<b>48,902</b>	<b>44,371</b>

Costs incurred in raising charitable funds are immaterial.

## Notes to the Financial Statements For the year ended 31 December 2023

### 5 Governance Costs

	2023 £'000	2022 £'000
Auditor's remuneration – current year	125	69
Auditor's remuneration – prior years	49	-
Internal audit costs	58	37
Legal costs	13	74
	245	180

### 6 Net Income/(Expenditure)

Net income/(expenditure) is stated after charging:

	Note	2023 £'000	2022 £'000
Depreciation of Tangible Fixed Assets	8	1,758	2,217
Amortisation of Intangible Fixed Assets	9	399	324
Operating Lease Rentals	19	59	59
Property Lease Rentals	19	2,600	2,463

## Notes to the Financial Statements For the year ended 31 December 2023

### 7 Employees, Staff & Agency Costs

Average monthly number of people employed was as follows:

	2023 Number	2022 Number
Clinical Staff	190	179
Clinical Support Staff	87	84
Administrative Staff	121	118
<b>Total Staff Excluding Bank Staff</b>	<b>398</b>	<b>381</b>
Average bank staff paid in a month	54	45
Average bank staff not paid in a month	29	25
<b>Total Bank Staff</b>	<b>83</b>	<b>70</b>
Average FTEs (Permanent Staff)	328	315
Average FTEs (Bank Staff)	15	12
<b>Average Monthly Full Time Equivalent Employees</b>	<b>343</b>	<b>327</b>

Staff and agency costs were as follows:

	2023 £'000	2022 £'000
Staff Costs	11,614	10,358
Social Security Costs	1,067	965
Pension Costs – Defined Benefit	1,800	2,550
Pension Costs – Defined Contribution	1,344	1,214
Redundancy Costs (including payment in lieu of notice)	171	139
Agency Staff	868	770
<b>Total Staff &amp; Agency Costs</b>	<b>16,864</b>	<b>15,996</b>

## Notes to the Financial Statements For the year ended 31 December 2023

The number of employees whose emoluments excluding pension contributions and employers' national insurance, but including benefits in kind, were in excess of £60,000 in the period was as follows:

	2023 Number	2022 Number
£60,000 to £70,000	6	4
£70,001 to £80,000	2	1
£80,001 to £90,000	1	1
£110,001 to £120,000	1	2
£120,001 to £130,000	1	1
£130,001 to £140,000	1	-
£210,001 to £220,000	-	1
£220,001 to £230,000	1	-

The key management personnel of BHT are the Governors and the Hospital Executive as set out on page 10. The charity trustees/Governors were not paid and did not receive any other benefits from employment with BHT during 2023 (2022: £nil).

The Hospital Executive received total employee benefits of £733k in 2023 (2022: £704k) of which the Hospital Director was the highest paid employee receiving total employee benefits of £241k (2022: £232k) including £17k in employer's pension contributions (2022: £16k).

### 8 Tangible Fixed Assets

	Leasehold Improvements £'000	Fixtures, Fittings & Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2023	10,992	13,740	85	24,817
Additions	30	1,014	-	1,044
<b>At 31 December 2023</b>	<b>11,022</b>	<b>14,754</b>	<b>85</b>	<b>25,861</b>
<b>Depreciation</b>				
At 1 January 2023	5,356	10,802	79	16,237
Charge for the Year	441	1,311	6	1,758
<b>At 31 December 2023</b>	<b>5,797</b>	<b>12,113</b>	<b>85</b>	<b>17,995</b>
<b>Net Book Value</b>				
<b>At 31 December 2023</b>	<b>5,225</b>	<b>2,641</b>	<b>-</b>	<b>7,866</b>
<b>At 31 December 2022</b>	<b>5,636</b>	<b>2,938</b>	<b>6</b>	<b>8,580</b>

## Notes to the Financial Statements For the year ended 31 December 2023

### 9 Intangible Fixed Assets

	Computer software & licences £'000
<b>Cost</b>	
At 1 January 2023	2,006
Additions	-
<b>At 31 December 2023</b>	<u>2,006</u>
<b>Depreciation</b>	
At 1 January 2023	493
Charge for the Year	399
<b>At 31 December 2023</b>	<u>892</u>
<b>Net Book Value</b>	
<b>At 31 December 2023</b>	<u>1,114</u>
<b>At 31 December 2022</b>	<u>1,513</u>

### 10 Stock

	2023 £'000	2022 £'000
Pharmacy Stock	56	60
Medical Consumables Stock	613	468
<b>Total Stock</b>	<u>669</u>	<u>528</u>

There is no material difference between the carrying value of stock and its replacement cost.

## Notes to the Financial Statements For the year ended 31 December 2023

### 11 Debtors

	2023 £'000	2022 £'000
Trade Debtors	759	880
Amounts due from Related Parties	2,042	1,819
Prepayments	705	654
<b>Total Debtors</b>	<b>3,506</b>	<b>3,353</b>

At 31 December 2023 the total of all amounts due to BHT from the Society was £2,042k (2022: £1,819k) relating to December 2023 activity. Amounts due from the Society are repayable on the 25<sup>th</sup> of the month following the activity and do not incur interest.

### 12 Creditors: Amounts Falling Due Within One Year

	2023 £'000	2022 £'000
Trade Creditors	1,661	1,025
Amounts Due to Related Parties	67	395
Social Security & Other Taxes	288	271
Other Creditors	123	88
Deferred Income	413	584
Accruals	1,399	1,320
<b>Total Creditors</b>	<b>3,951</b>	<b>3,683</b>

Included in Other Creditors is a provision for professional fees relating to insurance claims of £94k (2022: £37k).

Deferred income of £413k (2022: £584k) represents amounts received from Private Patients in advance of treatments being carried out.

## Notes to the Financial Statements For the year ended 31 December 2023

### 13 Comparative Statement of Financial Activities

The Statement of Financial Activities for the year ended 31 December 2022 analysed by funds is set out below:

	Restricted Funds 2022 £'000	Unrestricted Funds 2022 £'000	Total Funds 2022 £'000
<b>Income &amp; Endowments from</b>			
Donations and Legacies	-	1,275	1,275
Income from Charitable Activities	-	41,495	41,495
Other Trading Activities	-	302	302
Interest Received	-	10	10
<b>Total Income</b>	-	43,082	43,082
<b>Expenditure on Charitable Activities</b>	-	(44,371)	(44,371)
<b>Net (Expenditure) &amp; Net movement in funds for the year</b>	-	(1,289)	(1,289)
<b>Reconciliation of Funds</b>			
Total Funds Brought Forward	59	16,482	16,541
<b>Total Funds Carried Forward</b>	59	15,193	15,252

### 14 Statement of Funds

	Brought Forward 1 Jan 2023 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers In/Out £'000	Carried Forward 31 Dec 2023 £'000
Designated Funds	-	-	-	-	-
General Funds	15,193	49,530	(48,902)	-	15,821
Unrestricted Funds	15,193	49,530	(48,902)	-	59
Restricted Funds	59	-	-	-	59
<b>Total Funds</b>	15,252	49,530	(48,902)	-	15,880

## Notes to the Financial Statements For the year ended 31 December 2023

### 15 Analysis of Net Assets Between Funds

	Restricted Funds 2023 £'000	Unrestricted Funds 2023 £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
Fixed Assets	-	8,980	8,980	10,093
Current Assets	59	10,792	10,851	8,842
Current Liabilities	-	(3,951)	(3,951)	(3,683)
<b>Total of Net Assets</b>	<b>59</b>	<b>15,821</b>	<b>15,880</b>	<b>15,252</b>

### 16 Net Cash Flow from Operating Activities

	2023 £'000	2022 £'000
Net Incoming/(Outgoing) Resources	628	(1,289)
Returns on Investments & Servicing of Finance	(106)	(10)
Depreciation of Tangible Fixed Assets	1,758	2,217
Amortisation of Intangible Fixed Assets	399	324
Profit on Disposal of Tangible Fixed Assets	(38)	(22)
(Increase)/Decrease in Stocks	(141)	134
Decrease in Debtors	70	207
(Increase)/Decrease in Amounts Owed by Related Parties	(223)	316
Increase/(Decrease) in Trade Creditors & Accruals	714	(77)
(Decrease)/Increase in Amounts Owed to Related Parties	(328)	290
Increase in Social Security & Other Taxes	17	60
(Decrease)/Increase in Other Creditors and Deferred Income	(135)	238
<b>Net Cash Inflow from Operations</b>	<b>2,615</b>	<b>2,388</b>

## Notes to the Financial Statements For the year ended 31 December 2023

### 17 Analysis of Cash Flows for Headings Netted in Cash Flow Statement

	2023 £'000	2022 £'000
<b>Returns on Investments</b>		
Interest Received	106	10
	<hr/>	<hr/>
<b>Capital Expenditure</b>		
Purchase of Tangible Fixed Assets	(1,044)	(1,211)
Purchase of Intangible Fixed Assets	-	(117)
Proceeds from Sale of Tangible Fixed Assets	38	27
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

### 18 Analysis of Changes in Net Debt

	1 January 2023 £'000	Cash Flow £'000	31 December 2023 £'000
Cash at Bank & in Hand	4,961	1,715	6,676
<b>Total Net Funds</b>	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 19 Financial Commitments

At 31 December 2023 the charitable company had total commitments under non-cancellable operating leases as follows:

	Land & Buildings		Other	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Amounts Due:</b>				
Within 1 year	2,738	2,600	62	59
Between 1 and 5 years	10,951	10,400	129	178
After more than 5 Years	38,330	39,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements For the year ended 31 December 2023

### 20 Financial Instruments

The charity uses financial instruments to invest liquid asset balances and generate income through the return generated by these financial instruments.

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost. The table below analyses the charity's assets and liabilities at 31 December 2023 by financial classification:

	Held at amortised cost		
	Loans & Receivables £'000	Financial assets & liabilities at amortised cost £'000	Total £'000
<b>Financial Assets</b>			
Cash and cash equivalents	6,676	-	6,676
Amounts receivable for medical services	759	-	759
Other Assets	-	12,396	12,396
<b>Total Financial Assets</b>	<u>7,435</u>	<u>12,396</u>	<u>19,831</u>
<b>Financial Liabilities</b>			
Amounts owed to suppliers	-	1,661	1,661
Other Liabilities	-	2,290	2,290
<b>Total Financial Liabilities</b>	<u>-</u>	<u>3,951</u>	<u>3,951</u>

### 21 Pension Obligations

The charity participates in a defined benefit and defined contribution scheme (please note that the defined benefit scheme closed for future accruals at 31 December 2018 with no more contributions to it from 1 January 2019).

The total net cost for the charity for the year was £3,144k (2022: £3,764k), of which £1,800k (2022: £2,550k) was in respect of payments to the defined benefit scheme and £1,344k (£1,214k) was in respect of the defined contribution plan.

Assets of the defined benefit pension scheme ("the scheme") are held in The Benenden Healthcare Pension Plan. The scheme also administers the pension arrangements of the Society. The scheme is currently in significant deficit and requires the Benenden Hospital Trust to make extra contributions to the scheme as part of the recovery plan. The actuaries have confirmed that it is possible to separate the BHT's assets and liabilities in the scheme and at 31 December 2023 the deficit attributable to BHT was £9,219k (2022: £11,756k). However, disclosure in these accounts is made on the basis that it is a defined benefit scheme with the deficit of £12,130k (2022: £13,831k) being recognised by the deemed sponsoring employer, the Society.

## Notes to the Financial Statements For the year ended 31 December 2023

### 22 Related Party Transactions

The Benenden Hospital Trust ("BHT") is a controlled body of The Benenden Healthcare Society Limited ("Society") who are an incorporated friendly society, registered under the Friendly Societies Act 1992, registered number 480F. Control is exercised by the Society through the power to appoint or remove the majority of the Hospital's trustees and by the Society being a member of the Hospital Trust. The Society's principal activity is the provision of medical and well-being services to its members.

The Society had the following transactions with the charitable company during the year ended 31 December 2023:

- (a) The Society made cash donations to the charitable company of £331k (2022: £852k).
- (b) The Society paid the charitable company for its members to be treated at the hospital to a value of £30,037k (2022: £25,474k).
- (c) The Society paid the charitable company for miscellaneous costs to a value of £30k (2022: £15k).
- (d) The Society charged the charitable company rent of £2,600k (2022: £2,463k) for the use of the hospital site.
- (e) The Society recharged the charitable company for insurance costs of £408k (2022: £395k), for audit costs of £58k (2022: £18k), for costs of employee membership to the Society of £56k (2022: £52k) and for IT costs of £783k (2022: £720k).

BHT leases the hospital site from the Society under a 25 year lease which commenced on 1 January 2018 and expires in July 2042, with annual rent starting at £3,103k and subject to annual increases in line with RPI. The lease was revalued at 31 January 2021 and the annual rental reduced to £2,300k. In accordance with the lease terms, a market rent review was carried out in November 2022 and the annual rent revalued at £2,600k. Future rental payments will continue to be subject to annual increases in line with RPI and market valuation every 5 years.

At 31 December 2023 the total of all amounts due to BHT from the Society was £2,042k (2022: £1,819k).

At 31 December 2023 the total of all amounts due from BHT to the Society was £67k (2022: £395k).

The consolidated accounts for the Society are available at [www.benenden.co.uk/about-benenden](http://www.benenden.co.uk/about-benenden).

### 23 Events After The Balance Sheet Date

The Charitable Company has no events to disclose after the balance sheet date.