

BHSF Group Limited

Annual report and financial statements

For the year ended 31 December 2024



Company information

Directors

Caroline A Coates
Sara Fowler (Chair)
Stuart Hayhurst
Darren J Hickman
Alison McKinna
Thomas C Ross
Jasvinder Saggu

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Chair's statement

For the year ended 31 December 2024

After celebrating BHSF's 150th anniversary in 2023, our focus in 2024 was very much on how we can ensure BHSF's sustainability for the next 150 years.

With charitable roots beginning in 1873 as the Birmingham Hospital Saturday Fund, BHSF has continually reinvented itself to support the health outcomes of the people we reach.

In 2024, we saw BHSF's ambitions to innovate in the health and wellbeing space come to fruition. Utilising our more than 30 years of expertise in health cash plans, a key focus for the business throughout 2024 was the development of our new product, the Health and Wellbeing Plan.

Alongside the development of our new Health and Wellbeing Plan, there is no doubt that progress has been made in working towards a phase of stabilisation for the business. Whilst 2024 was another challenging period for BHSF, there is clarity over what needs to be achieved moving forward to ensure that the business achieves its longer-term goal of reaching a position in which it can truly thrive.

To maintain this clarity, there was a heightened focus in 2024 on our three strategic priorities. To maintain focus on these priorities, three strategic working groups were formed, each with Board representation. The working groups were set up to oversee BHSF's return to profitability, the insurance business transformation, and the development of sustainable future growth plans.

Earlier in 2025, our occupational health business was acquired by Optima Health. The sale represents BHSF's strategic aim to focus on its insurance business and employee benefits offering in the coming

years. We wish our former colleagues all the best in their futures with Optima Health and thank them for the roles they played whilst part of BHSF Group.

The focus on our insurance business was brought to the fore in 2024 through the implementation of our new insurance system. Following its launch in 2025, the aim is that the system will increase our efficiency, enhance customer experience and improve our agility, particularly in supporting the roll-out of our newly launched Health and Wellbeing Plan.

Reflecting the innovative spirit of BHSF and marking a new era for employee wellbeing, the Health and Wellbeing Plan introduces a fresh, forward-thinking approach to employee benefits that goes beyond the traditional health cash plan. Bridging the gap between Private Medical Insurance and simpler cash plans, and providing valuable support for a wide range of health needs, the plan is designed to empower policyholders to take control of their health and wellbeing.

The plan incorporates four new digital-first benefits covering optical, dental, skin health and physiotherapy services. By taking a more holistic approach, combined with the principles of accessibility and affordability, the plan works to address the needs of rapidly changing workplaces and the changing expectations of employees. It is designed to help employees stay mentally, physically, and financially healthy, whilst giving businesses the tools they need to attract, retain, and support their workforce.

At BHSF, our Board understands how important it is to support our workforce to be the best they can be. To enable this, 2024 began with an in-person conference for our insurance business. The executive

team utilised the conference to set the business priorities and to foster a sense of togetherness and trust as we faced the challenges of the year ahead.

On the theme of togetherness, one of the key changes in internal communications for 2024 was the introduction of monthly 'All Hands' meetings. These have played a pivotal role in ensuring everyone is updated on progress and to ensure that the team's efforts are focussed on the key priorities throughout the year.

There were also several changes to our leadership team in 2024. In October 2024, following six months in the role of Interim Chief Executive, Stuart Hayhurst was appointed as BHSF's Group Chief Executive on a permanent basis. This appointment followed Heidi Stewart's resignation as Chief Executive earlier in 2024. The Board thanks Heidi for her contribution to BHSF.

Stuart joined BHSF in 2022 as Chief Operating Officer and brings with him a wealth of experience in the health cash plan sector. I am pleased to work with Stuart in leading the business and addressing the significant changes as a result of the sale of our occupational health business and the implementation of our new insurance system.

We welcomed Darren Hickman to the Board in April 2024 following a robust recruitment process. After he successfully handed the role of Audit Committee Chair to Darren, we said goodbye to Gary Cowdrill who retired from his role having completed 9 years as a non-executive director at BHSF. The Board is grateful for the contribution Gary has made to BHSF during his tenure, and we wish him a very happy retirement.

Elsewhere at BHSF, our employee engagement committee focussed on the three areas of Connection, Charity and Co-creation. Particular highlights included quarterly editions of the employee magazine and a launch of employee recognition awards.

The business finished 2024 with an end-of-year celebration held in Birmingham. This enjoyable event provided the Board and the executive team with an opportunity to express their gratitude for the work of our employees at BHSF all year round.

Cross-departmental collaboration strengthened in 2024 as teams came together to work on the strategic projects, and the business has benefitted greatly from this. I would like to thank the whole team at BHSF for their energy and dedication throughout 2024.

It is the way we work together, embrace the challenges the business has faced, and celebrate our accomplishments at BHSF that makes this place so special. With the unwavering support of a workforce made up of passionate colleagues who truly care about BHSF, the Board is energised to drive the business forward into 2025 and beyond, so that we can continue to enhance the health outcomes of our customers for many years to come.



Sara Fowler

Sara Fowler

Chair

14 May 2025

Group Chief Executive's business review

For the year ended 31 December 2024

Introduction

This is my second Chief Executive's report and my first as the permanent Chief Executive of BHSF Group. After serving in an interim capacity, I am truly honoured to take on this role, and I want to thank the Board and my colleagues for their trust and support.

2024 was a challenging year for BHSF, but one we can all look back on with immense pride. Following a significant loss in 2023, we launched a turnaround plan that began in 2024 and will continue through 2025 and 2026.

Our goal for 2024 was to substantially reduce losses compared to 2023, putting us on track to break even in 2025. I'm pleased to report that we delivered on this goal operationally. With additional investment and one-off gains, our financial position is now well ahead of the turnaround plan.

That said, the work isn't over. 2025 will be a pivotal year as we aim to eliminate operating losses and position BHSF for profitability. Achieving this will require dedication and effort, but I, the Board, and every one of my BHSF colleagues are committed to making it happen. Together, we are determined to secure a successful future for BHSF.

As I write this in early 2025, there's a real sense of energy and momentum across the business. We've just come out of a year where we achieved near-record premium growth, paid out more in claims than ever before to support our policyholders, and successfully reduced our operating costs.

At the same time, we invested heavily in new systems and processes, and we're on track to launch our new core insurance administration system in 2025.

We also introduced our new Health and Wellbeing Plan, which was launched at the start of the year to brokers and industry media. This is the first product in our market to fully digitalise traditional cash plan benefits, covering dental, optical, and physiotherapy services. The response so far has been fantastic, with great feedback from customers, intermediaries, and positive trade press coverage.

We entered 2025 with real momentum, and on the 31st of January, we reinforced our commitment to our core insurance business by finalising the sale of BHSF Occupational Health Limited to Optima Health Plc. While saying goodbye to valued colleagues is never easy, I know they are moving to a business that can better support their ambitions. I sincerely thank them for their contributions to BHSF.

To our customers and policyholders, thank you for continuing to trust us with your health and wellbeing. This is an exciting time for BHSF, and we can't wait to bring you more digital benefits and improved services.

And to the BHSF team, I hope you look back on 2024 with immense pride. None of this progress would be possible without your hard work and commitment. Thank you.

Business Performance

In our insurance division, claims inflation remained high, leading to record payouts for policyholders. Despite this, our successful repricing strategy improved our claims ratio, bringing it down from 86% in 2023 to 82% in 2024. We also controlled costs, meaning we delivered higher premium income and higher claims payouts with lower administrative expenses.

Crucially, we maintained our industry-leading Trustpilot score of 4.9 throughout the year—proof that we continue to provide exceptional service while driving efficiency.

As a result, we reduced our technical account deficit by 40%, from £7.4m to £4.4m.

Our occupational health division also improved, with 8% organic revenue growth and a reduced operating loss of £0.4m (down from £0.8m in 2023). A one-off VAT gain pushed the division into a total profit of £2.4m for the year.

Our employee benefits business turned a £0.5m profit, compared to a £0.6m deficit the previous year. We also exited our investment in The Employee Resilience Company (TERC) for a small profit. Though we still sell access to the services of TERC, the move away from the ongoing management of the business allows BHSF to focus its resources on its traditional core product set.

While these results reduced our regulatory solvency ratio to 153% (from 172% in 2023), we remain well-capitalised, fully compliant with regulations, and on course for breakeven in 2025 and then profitability.

Investment Portfolio and Pension Scheme

Market volatility eased in 2024 as inflationary pressures fell, leading to positive returns in our sustainable investment portfolio. We saw investment income of £0.2m (2023: £0.3m) and unrealised gains of £0.6m (2023: £1.0m).

However, 2025 has brought fresh market volatility. Our diversified and cautious investment strategy should help cushion us from major market swings.

Our legacy defined benefit pension scheme also returned an increased surplus. The surplus reached £1.3m, up from £0.8m a year ago. This was the result of interest rate movements in the market as well as contributions made by BHSF into the Scheme.

People and Culture

Following restructures in 2023, BHSF on average operated with 12% fewer staff in 2024. The sale of BHSF Occupational Health in early 2025 further reduced our headcount.

To keep our teams engaged and informed, we introduced monthly all-hands meetings in 2024, providing updates and an open forum for questions. These have been invaluable in maintaining transparency and alignment with the wider business.

Through these forums, our teams understand that while progress has been made, there is still work to do. We remain focused on delivering the same high-quality products and services that our customers love – only better, faster, and more efficiently.

The Future

I'm incredibly excited about BHSF's future. Yes, there's more work ahead, but we enter 2025 with momentum, energy, and confidence.



A handwritten signature in black ink, appearing to read 'S. Hayhurst'.

Stuart Hayhurst

Group Chief Executive

14 May 2025

Strategic report

For the year ended 31 December 2024

The Directors present their Strategic Report on the Group for the year ended 31 December 2024.

Principal business

BHSF Group Limited is a non-trading holding company and is constituted and operates on a not-for profit basis. Through its subsidiaries BHSF provides health cash plans, other insurances, a range of mental health support services and other employee benefits, together with a respected occupational health service to over 5,000 client businesses and over 230,000 policyholders and their families without losing sight of its philanthropic roots.

The Group principally comprises BHSF Group Limited and the following trading companies:

Company	Service provision
BHSF Limited	General insurance underwriter
BHSF Employee Benefits Limited	Insurance brokerage, provision of mental health support services and other employee benefits
BHSF Occupational Health Limited	Occupational health services
BHSF Management Services Limited	Administration for other Group companies

Performance and future planning

Insurance Division (BHSF Limited)

The performance of the Group's business is set out in the financial statements and the Board considers 2024's performance to have been in line with expectations, with modest increases in claims offset by increases in premiums. An underwriting technical account deficit of £4.4m (2023: £7.4m) was recognised in 2024, driven by an overall claims ratio of 81.3% (2023: 86.1%).

In 2025 we will be continuing to increase prices on insurance products where required to adjust to the significant increase in claims experience observed in recent years. In return for increasing prices, we will also be enhancing value by rolling out a set of new digital benefits to policyholders which for the first time in the market digitalise all three of the main cash plan dental, optical and physiotherapy benefits.

Following a year of design and implementation in 2024, we also expect to begin migrating customers to our new core insurance platform during 2025. This will allow us to continuously improve policyholder experiences and allow us to adapt more rapidly to changes in customer preferences.

Occupational Health Division (BHSF Occupational Health Limited)

The occupational health division saw 8.2% growth in revenue to £8.3m (2023: £7.6m) as business continued to grow organically. At the same time, improving efficiency of service delivery reduced underlying operating losses from £0.8m in 2023 to £0.4m in 2024. The company also received a one-off gain in respect of historic VAT treatments amounting to of £2.9m during the year. This resulted in an operating profit of £2.4m (2023: loss of £0.8m) for the year.

On 31 January 2025, the BHSF Group sold BHSF Occupational Health Limited

to Optima Health Plc, ending BHSF's occupational health service offering and allow the Group to refocus the majority of its resources on its core insurance business.

Employee Benefits Division (BHSF Employee Benefits Limited)

The employee benefits division recorded higher revenue in 2024 than in 2023 (£2.6m vs £2.5m). Cost of sales expenses and administrative expenses have also fallen in the year giving an operating profit of £0.3m (2023: £0.6m loss). The company also sold shares in The Employee Resilience Company (TERC), a joint venture in March 2024 giving a profit on disposal of £0.2m

The directors expect to see continued modest profitability from this part of the business in 2025.

Risk management philosophy

Risk management is a continuous and evolving process that runs throughout the strategy and service/product delivery of BHSF Group. Learning lessons from past activities, both beneficial and adverse, will help to inform the current and future decisions by reducing threats and optimising the uptake of opportunities.

Enterprise risk management framework

The Group's enterprise risk management framework (ERMF) continues to evolve to ensure a robust monitoring of the risks of the Group and all its subsidiaries, including reporting on how they are managed. Supporting this development is the implementation of a new software package for the reporting and management of risks and risk incidents.

The Group has exposure to various categories of risk, many of which are recognised through the application and adherence to Solvency UK regulation. In

addition, BHSF utilises a Risk Taxonomy to define the specific risk categories to which it is exposed, further to those defined by Solvency UK.

The ERMF utilises the principles of enterprise risk management continues with its key aim of delivering a mature risk-aware culture across the Group. Further levels of governance work in unison with the risk assessment programme and Own Risk and Solvency Assessment (ORSA) process, will help to leverage risk management to provide a competitive advantage and to ensure the Group business model remains robust and resilient.

Risk exposure is monitored by the internal risk and compliance functions, with oversight from the Chief Risk Officer (CRO). The risk function has responsibility for monitoring and, where necessary, challenging the Group's maintenance of an adequate risk exposure and risk profile, in line with the Group's business strategy and objectives, whilst also maintaining an adequate solvency position. This is achieved through the embedded Own Risk and Solvency Assessment (ORSA) process, providing a quantitative and qualitative assessment of risks on both a current and forward-looking basis. The full ORSA review is undertaken annually. The Group utilises a rolling risk assessment programme, feeding into quarterly risk reporting to the Risk and Compliance Committee, along with an overview of the current risk profile of the Group.

The Risk and Compliance Committee is a Board constituted committee, providing advice to the Board on the risk management strategy, risk policies, the ORSA, and the current risk profile of the business. The underlying objective of risk management is to aid in the operational and strategic decision-making process, providing the Group Board with the information to help steer the business.

Principal risks and uncertainties

Under the Solvency UK regulatory regime, the Group has Board-approved policies for all principal risk categories (see note 20). These are:

- **Health Underwriting Risk:** The Health Cash Plan (HCP) books of business involve actively taking underwriting risk within a controlled environment. Premiums are based upon analysis of historical claims trends, with close monitoring of current claims ratios, and corrective action taken where necessary. HCP claims are generally low in value and short term in nature compared to many other forms of insurance.
- **Market Risk:** The Group actively manages market risk through the outsourced management of the investment portfolio by an expert investment manager, UBS. Parameters are set by the Group, through which the investment manager must operate, with an investment policy that maintains a balanced portfolio of assets. The investments held by the Group and the investment strategy are regularly reviewed through monthly investment reports and through active discussion and scrutiny by the Investment Committee and Group Board.
- **Credit Risk:** Credit risk, or counterparty default risk, is the risk of default from one of our counter-parties, including reinsurers, investment manager, banks, insurance intermediaries, trade debtors, and other non-insurance counterparties. The risk is managed through the use of a credit control function and defined credit terms, as well as restrictions on the banks with which funds can be placed.
- **Operational Risk:** The risks arising from failed internal processes, systems, people, and external events. The Group has multiple business support functions designed to manage different facets of

Operational risk such as HR, IT, Facilities Management, and Finance. Operational risk also includes cyber risk, against which the Group has policies and processes in place to maintain up-to-date security across all infrastructure as well as constant threat detection and scanning. Furthermore, the Group has a defined and tested business continuity plan and Group insurances to mitigate against significant operational business disruption.

In addition to the Solvency UK defined risk categories, the Group recognises and actively manages the following:

- Conduct Risk
- Liquidity Risk
- Pension Risk
- Regulatory Risk
- Strategic Risk
- Reputational Risk

The “Cost-of-living Crisis”

BHSF, like many businesses and individuals, is impacted by the inflationary environment. Pressure on household finances increases BHSF’s costs as policyholders become more cost-conscious, lapsing policies they don’t need and making more claims on those products they keep. Pressure on business finances makes a more challenging sales environment for BHSF’s quality service products.

Though the response to this is outlined in previous sections – repricing exercises are being undertaken in all lines of business – there is a possibility of short-term losses being incurred in the time taken to implement price increases in line with contractual notice periods.

Board oversight of the enterprise risk management framework

The Risk and Compliance Committee maintains a standing agenda item to review both the appropriateness and effectiveness of the ERMF, along with its

supporting elements and outputs. The suite of reporting provided on a quarterly basis, along with the ORSA process, are reviewed and scrutinised by the Committee, ensuring a full understanding of the Group’s risk profile at a point in time.

The Group continues to work on evolving the ERMF and fully embedding risk management into every facet of the organisation, striving for a mature risk-aware culture.

Environmental, Social and Governance (ESG) Matters

Financial Risks of Climate Change

Climate change, and society’s response to it, presents many financial and non-financial risks. All businesses must be aware of the emerging risks presented by climate change if they are to operate sustainable business models into the future and limit their impact on the environment.

The nature of BHSF’s business is such that impacts of climate change are likely to be relatively slow to emerge. In general, there is a risk that a changing climate affects the nature, severity and frequency of various medical conditions and the associated claims behaviour or the nature of occupational health requirements. BHSF keeps its insurance claims and occupational health trends under constant review and will adapt products and services to meet the changing needs of consumers accordingly when it is considered appropriate to do so.

BHSF’s claims are very short-term and technical provisions for outstanding claims take account of recent trends in claims behaviour. Therefore, any changes in the nature, severity or frequency of climate-related conditions that give rise to claims will be accounted for as they arise, limiting the risk that climate change leads to misstatement of technical provisions.

Emissions and Energy Consumption

	2024	2023
Energy consumption ¹ (kWh)	57,263	60,286
Carbon Emissions – buildings (tCO ₂ e)	11	12

The above relates to properties leased by the Group including the headquarters leased by BHSF Limited.

As a service-based organisation, BHSF Limited's environmental footprint comes largely from computer equipment, use of paper and the heating and lighting of premises.

The Group has embedded a hybrid-working model, with most office-based staff aiming to spend one day per week in the office.

ESG Investing

Since 2021, the Company's investment portfolio has been managed on our behalf by UBS in line with ESG principles. This means investments can only be made in businesses which UBS' research indicates meet certain ESG standards or are showing improvement towards achieving those standards. This includes investing in specific thematic funds which promote businesses demonstrating strengths in particular areas such as green energy or gender diversity.

Key performance indicators

Certain key performance indicators are regularly considered by the Board to monitor the performance of the Group.

These include:

KPI	2024	2023
Total Revenue	£53.2m	£46.7m
Total Revenue growth rate	13.9%	2.7%
Insurance claims ratio*	81.2%	86.1%
Insurance expense ratio*	30.1%	34.1%
Insurance underwriting result	£(4.5)m	£(7.4)m
Increase/(Decrease) in polices underwritten	(3.4%)	5.0%
Solvency:		
BHSF Limited	156%	176%
BHSF Group	153%	172%
Non-insurance business margin	£3.5m	£(0.2)m
Net investment returns	5.6%	7.7%

*calculated as percentages of earned premiums.

Further information on the Group's performance in 2024 and its future prospects is set out in the Group Chief Executive's Review on pages 4 to 5.

Section 172 Statement

The directors have a duty to promote the success of the Company for the benefit of the members as a whole, but also to have regards to the interests of all stakeholders, and in doing so have regard (amongst other matters) to factors (a) to (f)

- The likely consequences of any decision in the long term,
- The interests of the Company's employees,
- The need to foster the Company's business relationships with suppliers, customers and others,
- The impact of the Company's operations on the community and the environment,
- The desirability of the Company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Company.

Carefully considering the interests of all stakeholders is one way in which a company ensures its success. This report explains to readers how the directors of BHSF Group Limited carry out these duties.

It covers two areas:

- Key stakeholder groups and how their expectations are taken into account in general terms.
- How critical decisions made during the reporting period took account of stakeholder interests.

This report covers the Group's financial year ending 31 December 2024.

Stakeholder Management at BHSF

Who are BHSF's Stakeholders?	How does BHSF engage with them?	What are their expectations?
BHSF Group employees	Day-to-day communications Regular "all-hands" meetings Other occasional events	Culture in line with corporate values Career development opportunities Training opportunities Secure, fulfilling jobs in a safe working environment
Members (drawn from client businesses)	Annual report and accounts Solvency and Financial Condition Report	Careful financial management Caring treatment of their workers
Insurance Policyholders	Clear policy documents Written communications around major changes Surveys	Caring and fair treatment Clear communications Timely claims payments Secure and resilient processing of data
Occupational Health clients	Post-appointment feedback	Caring, sensitive medical opinions Clinical expertise
Corporate Customers	Customer relationship teams Surveys Panels/Case studies	Products which improve health or wellbeing of their staff Professional, efficient, secure, and resilient processes
Suppliers	Direct relationships with BHSF managers Finance department communications	Timely payments Opportunities to increase the reach of their products Ethical, open and fair treatment
Regulators and Government Authorities	Regular returns Ad-hoc communications	Prudent business management Adherence to conduct rules, laws and regulations Fair treatment of insurance customers and policyholders Operational resilience Culture of sound business ethics Environmentally sensitive operations
Reinsurers	Day-to-day communications with operational teams	Open, honest communications Robust processes and procedures
Sales intermediaries	Intermediary management team Events, briefing and training days	Quality products which meet customer demands Timely payment of sales commissions Professional, efficient processes
Pension Scheme Trustees	Attendance by directors at trustee meetings	Prudent management of company resources

Critical Decisions Taken During the Reporting Period

A widespread programme of repricing of insurance products was undertaken throughout the year, requiring constant decisions about appropriate pricing to apply to each scheme.

What are the consequences of these decisions in the short and long term?

In the short term, the work has to be done to determine prices, communicate and roll out changes to large numbers of corporate customers and individual customers. This incurs additional resource costs. In the longer term, these actions are expected to improve financial performance and position.

What is the impact on employees?

Employees of the BHSF Group handle the day-to-day operations of the Group and are therefore stakeholders. In particular, staff of BHSF Management Services Limited handle claims, administer policies and serve customers of BHSF Limited. Similarly, staff of BHSF Employee Benefits Limited carry out customer relationship functions. The roll out of new pricing affects all of these areas and it was key to ensure that BHSF staff were first and foremost aware of the rationale for price increases, the approach to them and what needed to be done to roll them out.

What is the impact on business relationships with customers, insurance policyholders and sales intermediaries?

Customers do not want to see their prices increase, and BHSF's preference would always be to hold prices where it can. Unfortunately the higher level of claims inflation we have seen since 2023 has remained and in order to remain a sustainable business, price increases are unavoidable.

Though price increases can impact relationships in the short term, they will enable relationships to be sustained for a long period and allow policyholders to continue to receive excellent outcomes from BHSF's products into the future.

What is the impact on the environment?

Though we try to communicate changes electronically where possible to minimise environmental impacts, it is critical that we inform policyholders of changes and therefore volumes of paper postage will increase for a short period.

What is the impact on the reputation of the business?

Insurance price increases are widespread in the market and we are seeing all of our competitors implement price increases. We communicate openly with our customers about the reasons for price increases, and are happy to work with corporate groups who may wish to mitigate increases by adjusting the cover their plans offer to staff.

Though there are risks that price increases will negatively impact reputation, we believe this open approach will mitigate any significant harm.

Are these decisions fair to all members?

BHSF Group Limited's members are primarily drawn from the customer base and therefore represent the policyholders of the Company. Therefore, the interests of the Group is closely aligned with the interests of its members – our policyholders. For the reasons set out above, the decision to increase prices, though not desirable, is necessary to ensure that long-term, positive relationships that deliver good outcomes can be sustained.

This report was approved by the board on 14 May 2025 and signed on its behalf by



Stuart Hayhurst
Group Chief Executive
14 May 2025

Directors' report

For the year ended 31 December 2024

The Directors have pleasure in submitting their annual report and audited financial statements for the year ended 31 December 2024.

Independent non-executive directors

- Sara Fowler, Chair
- Caroline Coates
- Darren Hickman (Appointed 1 April 2024)
- Alison McKinna
- Jasvinder Saggu

Executive directors

- Heidi Stewart, Group Chief Executive (resigned 1 April 2024)
- Stuart Hayhurst, Interim Chief Executive (appointed interim 2 April 2024, permanent 1 October 2024)
- Tom Ross, Chief Finance Officer

Committees

There are five committees including board and executive committees:

Audit Committee:

- Darren Hickman (Chair of the Committee)
- Alison McKinna
- Jasvinder Saggu

This committee monitors the adequacy of the Group's internal control systems, accounting policies and financial reports. It also manages the relationship with the external auditors and oversees the outsourced internal audit function.

Investment Committee:

- Caroline Coates (Chair of the Committee)
- Sara Fowler

The Committee's responsibilities include recommending to the Board the investment policy, which currently requires a balanced investment portfolio. Also to review the performance of the portfolio and the benchmarks agreed with the investment managers. The Committee also monitors liquidity and counterparty risks and ensures that market and credit risks are within the Group's risk appetite.

Remuneration and Nomination Committee

- Alison McKinna (Chair of the Committee)
- Caroline Coates
- Jasvinder Saggu

The responsibilities of this Committee include recommending to the Board candidates for appointment as directors. It also approves the terms of employment of executive directors and other approved persons and monitors the health and well-being of staff and monitors and promotes the culture and values of the Group.

Risk and Compliance Committee

- Caroline Coates (Chair of the Committee)
- Darren Hickman
- Jasvinder Saggu

This Committee advises the board on the risk management strategy, risk management policies, the ORSA and the implications of proposed strategic transactions and compliance issues. It regularly reviews risk reports detailing the risk profile of the Group.

Executive Committee

- Stuart Hayhurst (Chair of the Committee)
- Heidi Stewart (resigned 1 April 2024)
- Tom Ross
- Adam Lea
- Courtney Marsh
- Neil Fisher (appointed 13 March 2024)

This Committee has responsibility for the day-to-day operations of the BHSF Group and the implementation of the strategy approved by the boards.

The boards and committees keep their effectiveness under review by a process of annual self-assessment with externally facilitated assessments every three years.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (FRS 102 and FRS 103).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the surplus and deficit of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the

Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in different jurisdictions.

Directors' indemnities

The Group maintained throughout the year, and at the date of the approval of this report, liability insurance for its directors and officers. This is a qualifying provision for the purpose of the Companies Act 2006.

Political and charitable donations

The Group donated £16,000 (2023: £16,660) by gift aid during the year. The Group made no political donations during the year (2023: nil).

Statement regarding information given to the auditor

So far as each of the directors is aware at the time the report is approved:

- There is no relevant audit information of which the auditor is unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Advisors

- Principal bankers – The Royal Bank of Scotland plc
- Principal solicitors – Weightmans LLP, Integra Legal Limited and Shakespeare Martineau LLP
- Investment managers – UBS AG, London Branch
- Property advisors – Fisher German LLP
- Pension fund actuary and actuarial advisor to the Group – Broadstone
- Pension advisors – Benefex Financial Solutions Limited
- Solvency UK actuarial advisors – Barnett Waddingham LLP
- Outsourced internal audit service provider – RSM Risk Assurance Services LLP
- Corporate tax advisors – PwC

Staff

The Group places great importance on the recruitment, training and development of its people, recognising the vital contribution made by colleagues at all levels of the business. This culminated in the achievement of the Investor in People award in 2002, for which we have been re-accredited triennially.

The Group is committed to involving colleagues in the business and giving them the opportunity to contribute. There is a philosophy of open and two-way communication and information is shared and views sought through a number of feedback mechanisms. There are regular meetings of all colleagues in order to disseminate information and hear views expressed, there is also a regular newsletter for colleagues.

We value the views and opinions of our employees and encourage new ideas and suggestions. The employee voice is represented through our employee forum "The Culture Club" and we encourage a 2-way communication with the leadership team.

The Group is an equal opportunities employer and recruitment, training and promotion are solely on the basis of business needs and the ability of each individual to meet the job requirements. Full and fair consideration is given to applications from, and the continuing employment of, people with disabilities. The Group has put in place and observes a diversity policy and it also complies with the Working Time Directive.

Further, the Group is committed to providing a healthy and safe working environment for all employees and the directors regularly review the assessments made.

Accreditations

The BHSF Group is recognised as holding the following accreditations:

Accreditation	First Obtained
Investors in People	2002
ISO 9001 (Quality Management System)	2004
SEQOHS (Safe, Efficient, Quality Occupational Health Service)	2017
ISO 27001 (Information Security)	2018
UK Cyber Essentials	2018

Appreciation

The directors record their thanks to the management and staff for their hard work during the year. The directors also extend grateful thanks to all customers and their staff for their support and practical assistance which has substantially assisted the service which the Group has provided to customers.

Future developments

This has been included in the strategic report on pages 6-11.

Financial instruments and risk management

This has been included in the strategic report on pages 7-8 and Note 20.

Emissions and Energy Consumption

This has been included in the strategic report on page 9. This is in relation to the compliance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018.

This report was approved by the Board on 14 May 2025 and signed on its behalf by;



Stuart Hayhurst

Group Chief Executive
30 July 2025

Directors' profiles

Directors' profiles, officers, directors of subsidiary companies and senior management



Alison McKinna
Non-executive Director

Alison McKinna has experience in both public and private organisations across multiple industry sectors. She is an accomplished leader and supports a number of organisations as a non-executive director including Acivico Group Ltd, where she is also Board Chair, Shepherds Friendly and Auriga Services Ltd. Alison joined the board of BHSF Group Limited in March 2022.



Caroline Coates
Non-executive Director

Caroline Coates is a lawyer with over 25 years' experience in the insurance, automotive, motorsport, manufacturing and public sectors. Previously a partner in DWF, she is now Vice President Legal at Oxbotica, a technology business. Caroline joined the board of BHSF Group Limited in 2020.



Darren Hickman
Non-executive Director

Darren Hickman has spent most of his career in the financial services sector, holding a variety of executive positions for the insurance division of Santander Bank. He is currently a non-executive director of Leicester, Leicestershire & Rutland NHS Integrated Care Board, and Earl Shilton Building Society.



Jasvinder Saggu
Non-executive Director

Jasvinder Saggu has more than 30 years of experience within financial services and business in commercial and operational roles across multiple sectors and geographies. He holds a non-executive director position within a building society and is Chair of a housing association. He joined the board of BHSF Group Limited in June 2022.



Sara Fowler
Chair

Sara Fowler spent most of her career in financial services formerly as Senior Partner for EY Midlands and as Chair of the CBI West Midlands. She is currently a non-executive director of Mpac Group plc. She joined the board of BHSF Group Limited in 2018 and was appointed Chair in 2020.



Tom Ross
Chief Finance Officer

Tom Ross (Chief Finance Officer) joined BHSF in 2014 as financial accountant and was appointed Head of Finance in 2015. He joined the board of BHSF Group Limited in 2017 and is Chief Finance Officer.



Stuart Hayhurst
Chief Executive Officer

Stuart Hayhurst joined BHSF in May 2022 as Chief Operating Officer. He joined the board of BHSF Group Limited on 2 April 2024 when he was also appointed Interim Group Chief Executive. He was appointed permanently to the role of Group Chief Executive on 1 October 2024.

Officers

Vice Presidents: Dr Paul Kanas BM, BS, MRCP, FFOM

Life Members: Stephen G Hall FIPPM, Dr Paul Kanas BM, BS, MRCP, FFOM, David J Read JP, FFA, FICM, FIAB

Corporate responsibility statement

For the year ended 31 December 2024

We have a strong commitment to being a responsible organisation, not just because it's good for our business and our community but because we know it is the right thing to do.

Whether we're reaching out to our employees, customers, partners, communities or the wider society, we do so with a clear understanding of our purpose.

"To make a positive impact on the health and wellbeing of the people we reach."

A responsibility to all

Our approach to Corporate Social Responsibility covers four distinct areas:

Charity, Community, Environment and Employees.

Charity

We will promote and actively work together with the charities we support in order to further their causes, good works and initiatives.

Community

By engaging with the local communities in which we work, supporting them and putting something back, we can make a positive difference to their health and wellbeing.

Environment

We seek to make a positive impact on our environment and the planet through initiatives and projects designed to reduce any damaging effects of our business.

Employees

By investing in our employees, recognising their different needs and requirements as well as promoting a diverse, inclusive culture, they will feel valued by our organisation and proud to work for it.

We think it's important to remember where we have come from. We'll never forget our roots and the impact we have had on our local communities. That's why we still engage with the people around us. We

work with our communities, reviewing our activity regularly to make sure we're making a real difference. We support charities through a variety of methods including company-wide money raising activities, cash matching of staff fund raising and also by volunteering our time and skills.

Who we support

Our chosen charity partners reflect what's important to our business – having a positive impact on the health and wellbeing of those we reach.

The Ladywood Community Project

The Ladywood Community Project is situated near our Head Office, in an area known for high levels of unemployment and child poverty.

The Project provides financial, emotional, health-related and social support for families and individuals, and advice on issues such as debt, housing, benefits, child-related issues and domestic abuse. The Project also provides child play and stay mornings, leisure activities, and subsidised trips for local families.

During 2024 we supported the Project by sharing our skills and donating funds. Employees of BHSF also volunteered their time to the Project. This included supporting with their Christmas initiatives such as wrapping presents for the Project to hand out to less fortunate children, building their Christmas grotto and helping out with refreshments at a Christmas event for local children.

St Basils

St Basils is a charity that works with young people aged 16-25 who are homeless, or at risk of homelessness, to enable them to find and keep a home, grow their confidence, develop their skills, and prevent homelessness.

During 2024, BHSF supported St Basils through donating funds and taking part in employee fundraising events such as the St Basils Sleepout. Employees also

volunteered with St Basils at their stall at the Birmingham Christmas markets.

Bangor NI Foodbank

The Bangor NI Foodbank is based in the Ards and North Down Borough which is one of the most deprived areas across all of Northern Ireland.

The foodbank provides compassionate, practical support to people in crisis to tackle the root causes that lock people into poverty and build people's resilience so they are less likely to need a foodbank in the future.

In 2024, we donated funds to contribute to the running of the charity. This helped the foodbank provide a higher level of support to those who need it most.

Rape and Sexual Violence Project (RSVP)

Located in Birmingham, RSVP have a firm belief that everybody deserves a life free from sexual violence and abuse. They support people who have been subjected to abuse, helping them thrive and enjoy a future of hope.

The charity offers advocacy partnerships and social groups that offer people a chance to talk with others in a friendly and safe environment. They also have counselling services and emotional support teams to allow people to get confidential support. A key part of their service is the delivery of corporate training, helping organisations understand the impact of sexual violence and abuse.

In 2024, we donated funds to contribute to the running of the charity.

Other charities the business and our employees have supported in 2024 include;

- Acorns
- MacMillan Cancer Care
- rostate Cancer Research UK

In 2024, BHSF employees gave their time and raised more than £6,000 for charities to raise awareness and support our charity partners.

Independent auditor's report

Opinion

We have audited the financial statements of BHSF Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2024 and of the group's loss for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements do 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.

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 strategic report and the directors' report for the financial year for which the group and parent company financial statements are prepared is consistent with the parent company financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control

as the directors 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 group and parent company financial statements, the directors are responsible for assessing the group and parent 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 directors either intend to liquidate the group and parent 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.

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 obtained an understanding of the group and parent company and the sector in which they operate to identify laws

and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the insurance sector review of Board and Audit Committee meeting minutes and performing walkthroughs of the group and company's controls.

- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those that relate to the financial reporting framework (FRS 102, FRS 103 and the Companies Act 2006) and the relevant tax compliance regulations in the UK. Our considerations of other laws and regulations that may have a direct effect on the financial statements included the prudential and supervisory requirements of the Prudential Regulation Authority and the Financial Conduct Authority.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the parent company with those laws and regulations.
- These procedures included, but were not limited to:
 - Making enquires of management and those responsible for legal, risk and compliance matters;
 - Reviewing correspondence between the group and UK regulatory bodies;
 - Reviewing the minutes of the Board to identify any indications of non-compliance; and
 - Performing planning and final analytical procedures to identify any unusual or unexpected transactions or events.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for

management bias in the reporting of events and transactions in the financial statements relating to the valuation of the technical provisions. To address this, we challenged the key assumptions and judgements made by management when auditing this significant accounting estimate.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Watson
(Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP,
Statutory Auditor
15 Westferry Circus, Canary Wharf, London
E14 4HD
20 May 2025

Consolidated income statement

For the year ended 31 December 2024

Technical and Non-technical Accounts – General Business

TECHNICAL ACCOUNT

	Note	2024 £'000	2024 £'000	2023 £'000	2023 £'000
PREMIUMS					
Gross premiums written	3	39,648		36,822	
Outward reinsurance premiums	5	(244)		(258)	
		39,404		36,564	
Change in the provision for unearned premiums	25.1	105		57	
Earned premiums net of reinsurance			39,509		36,621
ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT					
			20		17
CLAIMS					
Claims paid					
Gross amount		(32,347)		(31,640)	
Reinsurer's share	5	151		170	
		(32,196)		(31,470)	
Change in the provision for outstanding claims:					
Gross amount		96		(189)	
Reinsurer's share	5	(38)		119	
		58		(70)	
Claims incurred net of reinsurance			(32,138)		(31,540)
			7,391		5,098
NET OPERATING EXPENSES					
	6		(11,882)		(12,504)
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS					
			(4,491)		(7,406)

NON-TECHNICAL ACCOUNT

	Note	2024 £'000	2023 £'000
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		(4,491)	(7,406)
Investment income	9	224	331
Unrealised (gains)/losses on investments		610	1,008
Realised losses on sale of fixed assets including property		1	(6)
Realised gains on sale of investment property		-	-
Realised gains on sale of joint venture		143	-
Allocated investment return transferred to the technical account		(20)	(17)
Investment expenses and charges		(40)	(56)
Other income	10	13,586	9,923
Other charges	11	(11,042)	(11,439)
Net interest return/(cost) on pension scheme liability	15	38	20
DEFECIT BEFORE TAXATION	12	(991)	(7,642)
Tax credit on deficit	14	130	44
DEFICIT FOR THE FINANCIAL YEAR		(861)	(7,598)

All the above amounts relate to continuing operations.

The notes on pages 27 – 52 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	2024	2023
Note	£'000	£'000
Deficit for the financial year	(861)	(7,598)
Other comprehensive income:		
Actuarial gains net of deferred tax	15 224	376
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR	(637)	(7,222)

All the above amounts relate to continuing operations.

The notes on pages 27 – 52 form part of these financial statements.

Consolidated and company statements of financial position

For the year ended 31 December 2024

	Note	GROUP			Company (number 4767689)	
		2024 £'000	2024 £'000	2023 £'000	2023 £'000	2024 £'000
ASSETS						
INTANGIBLE ASSETS						
Goodwill	16	-	-	-	-	-
Other intangibles	16	19	131	-	-	-
			19	131	-	-
INVESTMENTS						
Land and buildings	17	780	770	-	-	-
Investment in subsidiaries	18	-	-	1,386	1,261	-
Investments in joint ventures	19	-	100	-	-	-
Other financial investments	20	10,960	14,173	-	-	-
			11,740	15,043	1,386	1,261
REINSURER'S SHARE OF TECHNICAL PROVISIONS						
	21	-	120	158	-	-
DEBTORS						
Debtors arising out of direct insurance operations	22	1,655	1,481	-	-	-
Amounts due from group undertakings		-	-	7	7	7
Other debtors	23	2,486	3,105	-	-	-
			4,141	4,586	7	7
OTHER ASSETS						
Tangible fixed assets	24	158	208	-	-	-
Stock		4	8	-	-	-
Pension scheme asset	15	1,307	761	-	-	-
Cash at bank and in hand		2,479	2,363	10	113	113
			3,948	3,340	10	113
PREPAYMENTS AND ACCRUED INCOME						
			2,824	1,460	-	-
TOTAL ASSETS			22,792	24,718	1,403	1,381

	Note	GROUP				Company (number 4767689)	
		2024 £'000	2024 £'000	2023 £'000	2023 £'000	2024 £'000	2023 £'000
LIABILITIES							
ACCUMULATED FUND			16,399		17,036	342	345
TECHNICAL PROVISIONS	25						
Provision for unearned premiums		210		315		-	-
Provision for claims		1,478		1,574		-	-
			1,688		1,889	-	-
PROVISION FOR OTHER RISKS – PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS							
Other provisions	26	577		450		-	-
			577		450	-	-
CREDITORS							
Amounts owed to group undertakings		-		-		1,061	1,036
Other creditors including taxation and social security	27	2,554		3,262		-	-
			2,554		3,262	1,061	1,036
ACCRUALS AND DEFERRED INCOME			1,574		2,081	-	-
TOTAL LIABILITIES			22,792		24,718	1,403	1,381
SURPLUS OF BHSF GROUP LIMITED SINGLE ENTITY						(3)	(10)

The notes on pages 27 – 51 form part of these financial statements. No Company total comprehensive income statement account has been included in these financial statements as permitted by section 408(3) of the Companies Act 2006.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 14 May 2025.



Stuart Hayhurst

Group Chief Executive

Consolidated and company statements of changes in equity

For the year ended 31 December 2024

	Group Accumulated Fund	Company Accumulated Fund
	£'000	£'000
Balance at 1 January 2023	24,258	355
Changes in equity for the year ending 31 December 2023		
(Deficit)/surplus for the financial year	(7,598)	(10)
Other comprehensive income for the financial year	376	-
Total comprehensive income for the financial year	(7,222)	(10)
Balance at 31 December 2023	17,036	345
Balance at 1 January 2024	17,036	345
Changes in equity for the year ending 31 December 2024		
Deficit for the financial year	(861)	(3)
Other comprehensive income for the financial year	224	-
Total comprehensive income for the financial year	(637)	(3)
Balance at 31 December 2024	16,399	342

The notes on pages 27 – 52 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the financial year before tax		(991)	(7,642)
Adjustments for:			
Realised losses/(gains) on sale of investments	9	29	(32)
Realised gains on sale of joint venture		(143)	-
Depreciation and amortisation	12	197	239
Unrealised investment gains		(600)	(998)
Revaluation gains on land and buildings		(10)	(10)
Realised gains on sale of investment property		-	-
(Profit)/Loss on disposal of fixed assets		(1)	40
Other non-cash items of comprehensive income		97	6
Increase in insurance debtors		(136)	(9)
Increase in trade and other debtors excluding tax		(1,035)	(494)
Decrease in stock		4	4
(Decrease)/Increase in insurance creditors		(201)	131
(Decrease)/Increase in trade and other creditors excluding tax and pension scheme		(1,215)	1,074
Increase/(Decrease) in other provisions		15	(117)
Defined benefit pension contributions	15	(210)	(240)
Investment portfolio purchases		(4,187)	(2,217)
Investment portfolio sales		7,905	5,120
Corporation tax (paid)/received		408	134
Other non-cash items		(150)	-
NET OUTFLOW FROM OPERATING ACTIVITIES		(224)	(5,011)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(34)	(97)
Disposal proceeds on sale of joint venture		293	-
NET IN/(OUT)FLOW FROM INVESTING ACTIVITIES		259	(97)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		35	(5,108)
Cash and cash equivalents at 1 January		2,477	7,586
Effect of exchange rate fluctuations on cash balances		(14)	(1)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	30	2,498	2,477

The notes on pages 27 – 52 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2024

1. Basis of preparation

The accounts have been prepared in accordance with the provisions of Schedule 3 SI 2008 No 410 and the Companies Act 2006, and the following financial reporting standards (FRSs) issued by the Financial Reporting Council:

- FRS 102 The Financial Reporting Standard Applicable in the UK and Ireland
- FRS 103 Insurance Contracts

The financial statements cover the annual period to 31 December each year.

BHSF Group Limited is a private company limited by guarantee, incorporated in England & Wales under the Companies Act. The address of the registered office is given in note 31 and the nature of the Company's operations and its principal activities are set out in the strategic report.

The preparation of financial statements in compliance with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

In preparing the separate financial statements of the Company, advantage has been taken of the following disclosure exemptions available under FRS 102:

- No cash flow statement nor financial instrument disclosures have been presented for the Company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the totals for the Group as a whole.

The Company has taken advantage of the disclosure exemption as permitted by FRS 102 from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a

member, as required by Section 33 Related Party Disclosures – paragraph 33.1A.

The Group financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Despite recurring deficits the Company and its Group remain well-capitalised and in compliance with regulatory requirements. Well-defined plans are in place to remove losses and restore profitability in all lines of business. Execution of these plans continued throughout 2024 and into 2025, 2026 and 2027. Early indications in 2025 are that the plans are having the intended effect.

Forecasting performed for the planning period confirms that there are adequate resources in place to execute the plans whilst remaining in full compliance with regulatory capital requirements at both a group and subsidiary level.

Therefore the Company continues to adopt the going concern basis in preparing its financial statements.

1A. Accounting policies

The following key accounting policies are applied in the preparation of the accounts.

a) Basis of consolidation

The Group financial statements combine the results of the Company, all its subsidiaries and joint ventures after eliminating intra-group transactions. The results of subsidiaries acquired have been included from the date of acquisition.

Goodwill on consolidation, representing the excess of the fair value of the consideration

given over the fair value of the net assets acquired, in respect of acquisitions is capitalised and is amortised over its estimated useful life.

Intangibles acquired which have a fair value in excess of their book value are similarly capitalised and amortised over their estimated useful life.

b) Premiums

Gross premiums written are health cash plan, cancer cover and personal accident premiums excluding insurance premium tax.

Earned premiums, all of which arise in the United Kingdom, represent premiums from policyholders for the year, excluding insurance premium tax, and include an estimate of amounts due but not received at 31 December. Provision is made for premiums received but not earned at the statement of financial position date calculated on a time-apportioned basis.

c) Reinsurance

The Group partially reinsures personal accident and cancer risk under a reinsurance agreement. Reinsurance premiums are accounted for in the technical account on the same basis as the relevant premiums. Similarly reinsurance recoveries on claims payable are accounted for on the same basis as the relevant claims.

Reinsurance assets represent amounts receivable from the reinsurer in relation to ceded insurance liabilities.

d) Claims

Claims payable are recognised in the accounting period in which the insured event occurs.

Claims paid consist of claim payments and the internal and external costs of settling those claims.

Provision is made for the estimated cost of claims incurred up to the statement of financial position date. The provision is based on claims settled after the statement

of financial position date together with an estimate of claims incurred by the statement of financial position date but not settled or notified based on statistical methods. Included within the provision is an estimate of the claims handling costs that will be incurred in settling outstanding claims.

e) Acquisition costs

The costs of acquiring new business which are incurred during the financial year are deferred to the extent that they relate to unearned premiums at the statement of financial position date. During the current and preceding financial years such deferred costs were not material and therefore not separately disclosed. All acquisition costs are therefore charged to the Income Statement.

f) Leases

Operating lease rentals are charged to the Income Statement on a straight line basis over the period of the lease.

g) Investment income

Investment income comprises interest, dividends, rents and realised gains. Dividends are recorded on the date on which the shares are quoted ex-dividend and interest; rents and expenses are accounted for on an accruals basis. All investment income is initially recognised in the non-technical account.

An allocation of the investment return is made between the non-technical and technical accounts for general business so as to reflect the investment return on investments supporting technical provisions.

Realised gains or losses represent the difference between net sales proceeds and purchase price or market value if held at the previous statement of financial position date and are initially recognised in the non-technical account.

h) Unrealised gains and losses

Unrealised gains or losses represent the difference between the valuation of investments at the statement of financial position date and their purchase price if acquired during the year and the market value at the previous statement of financial position date for investments held throughout the year. All unrealised gains or

losses are initially recognised in the non-technical account.

i) Other income

Other income includes commission receivable from insurance broking on the transaction of insurance business, fees receivable on invoiced employee benefits and employer-support services, amounts receivable for occupational health and medical services provided during the period, excluding value added tax. The Group has not directly benefited from any forms of Government assistance.

Turnover is recognised when the relevant services are carried out. For annual contracts turnover is recognised on an incremental basis appropriate to the accounting period.

Grants of a revenue nature are recognised in other income in the same period as the related expenditure. This includes Furlough income.

j) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences.

The current income tax charge and deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

k) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, by equal annual instalments, to allocate the cost of the assets less their residual value over their expected useful lives.

The rates applicable during the year were:

Computer software	20-50%
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l) Tangible fixed assets

Tangible fixed assets are stated at depreciated historical cost.

Depreciation is calculated to write down the cost of tangible fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable during the year were:

Furniture and equipment	10-15%
Computer equipment	20%
Laptops	33%
Medical equipment	15%

m) Land and buildings

Land and buildings are treated as investment properties and are valued at open market value as determined by independent professional advisors every three years. In the intervening years these valuations are updated by the Directors with the assistance of independent professional advice as necessary. The last triennial professional valuation of all such group properties was carried out at 31 December 2023 by Kirk's Land Agents Limited (Chartered Surveyors – MRICS FAAV qualified). 2024's intermediate valuation exercise was carried out on 31 December 2024 by Kirk's Land Agents Limited (Chartered Surveyors – MRICS FAAV qualified).

n) Acquisitions

The financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group Statement of Comprehensive Income from the date on which control is obtained.

o) Investments

Other financial investments represent the value of BHSF Limited's investment portfolio and includes equities, corporate bonds, government bonds and investments in collective investment funds. Investments are recognised when BHSF Limited becomes contractual owner of the instrument and are recognised initially at their cost to BHSF Limited.

Whilst held, BHSF Limited values equity investments and investments in units of collective investment funds at fair value through profit or loss, where fair value is taken to be the bid price of the instrument at the statement of financial position date. BHSF Limited makes use of the accounting policy choice available under section 11.14(b) of FRS 102 to also designate corporate and government bond instruments as fair value through profit or loss. See note 1B for further information.

Investments are de-recognised when BHSF Limited ceases to be the contractual owner of the instrument or, where applicable, when the instrument matures and contractual rights expire.

Investments in subsidiary undertakings are included at cost, less provision for permanent diminution in value.

Investments in joint ventures are included at cost less provision for any permanent impairment in value.

p) Other financial instruments

The Group holds cash and debtor assets and long and short-term creditor liabilities, including borrowings from credit institutions, which are classed as financial assets and liabilities. Cash balances are recorded at the statement of financial position date at their face value. Debtors and creditors are measured at amortised cost using the effective interest rate where durations are longer than one year. Where duration is shorter than one year, which is the case for all debtors and all creditors except borrowings, financial assets and liabilities are measured at their cash settlement value. Borrowings are measured at their amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised

cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

q) Pension schemes

The Group made contributions to two different pension schemes during the year.

Defined benefit scheme:

The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Defined contribution scheme:

The contributions to a group personal pension scheme have been charged to both the technical and non-technical accounts as appropriate in the year to which they relate.

r) Liability adequacy test

The Group performs a liability adequacy test at each statement of financial position date. This test estimates all future cash flows on insurance contracts in force at the statement of financial position date, including premiums received, claims incurred, and related claims processing and other expenses. If the test identifies any shortfall in the carrying value of insurance liabilities, the shortfall is recognised and an extra charge taken to the income statement.

No such charges have arisen in the current or prior financial years.

s) Foreign currency transactions

Foreign currency transactions are translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary

assets and liabilities denominated in foreign currencies are recognised in comprehensive income.

t) Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the members.

u) Software as a Service (SaaS)

Configuration and Customisation Costs

Configuration and customisation costs refer to the up-front implementation costs incurred in bringing a SaaS or 'cloud' system into use.

Where distinct from the ongoing software service delivery, such costs are expensed to profit and loss in the periods that the configuration and customisation services are delivered.

Where configuration and customisation costs are not distinct from the ongoing software service delivery, they are spread over the life of the initial contract term on a straight-line basis along with other ongoing software service costs.

1B. Critical judgements in the application of accounting policies

In preparing these financial statements under the above policies, the Directors have made the following critical judgements:

a) Financial instrument classifications (Note 20)

The financial statements include £10,941k (2023: £14,059k) in respect of financial instruments which are measured at fair value through profit and loss. This is based on the judgement that the default amortised cost measurement basis under FRS 102 for the £6,155k (2023: £8,285k) of direct investments in debt instruments, including corporate and government bonds, does not provide as relevant information to the users of these financial statements as fair value does because these investments are managed and monitored by the Group on the basis of their market value.

b) Indicators of impairment in assets

The Directors exercise significant judgement in assessing whether there are

indications of impairment in assets, and in particular in those assets that represent investments in subsidiaries. Factors taken into account when determining whether or not to impair assets include the economic viability and expected future financial performance of the asset, and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

In preparing the 2024 financial statements, the directors considered that the loss-making position of BHSF Occupational Health Limited was a potential indicator of impairment. An impairment analysis was undertaken which considered the value of the investment compared to the proceeds of the sales of the business on 31 January 2025 (see note 33). This review concluded that no impairment is needed in these financial statements.

1C. Key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following significant estimates:

a) Technical provisions – claims provision (Note 25)

The financial statements include £1,478k (2023: £1,574k) in respect of technical provision liabilities for claims. These provide for the estimated costs of claims incurred up to the statement of financial position date and outstanding at that date.

Technical provisions for health cash plans and personal accident products are projections based on recent historical claims experience and hence there is a risk that the actual claims that will be made by policyholders in respect of events incurred up to the statement of financial position date will differ significantly from the projections based on historical data. The amount of reinsurance recoverable on personal accident claims is estimated based on the projection of claims payments made.

Significant changes to actual claims experience over the next financial year could materially affect the carrying value of technical provisions over the next financial year.

b) Defined benefit pension scheme assets and liabilities (Note 15)

The financial statements include a net defined benefit pension scheme asset of £1,307k (2023: £761k), comprising assets of £10,013k (2023: £10,655k) and liabilities of £8,706k (2023: £9,894k).

The liabilities represent the costs expected to be incurred in making pension payments to current or past employees who are members of the scheme. The valuation of the pension scheme liabilities are determined on an actuarial basis using the projected unit method and are discounted at a rate using the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. Assumptions are also made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. The assumptions underlying this calculation are discussed in more detail in Note 15.

Significant changes to the assumptions underlying these calculations over the next financial year could materially affect the carrying value of the net pension scheme asset.

c) Investment property valuation (Note 17)

Changes in investment property valuation are based on reports provided by valuation experts. These are a source of estimation uncertainty due to the nature of property valuations. Key assumptions underlying the valuations include:

- Market conditions based on transactions involving similar properties in similar areas;
- For investment properties, the amount a reasonable, independent third party would be willing to pay for the hope that development rights might be secured over the property in the future; and
- For investment properties occupied by a tenant, the likely length of tenancy.

Events over the next 12 months which materially change any of these conditions could potentially result in a material change in the value of property.

In particular:

- An increase or decrease in prevailing market conditions equivalent to 10%

of property prices could increase or decrease the recognised values by £78k.

2. Insurance Risk Management

The Group accepts insurance risk through the contracts it writes for its three main insurance product lines:

- Health cash plans, where policyholders are reimbursed for all or part of their spend on a variety of everyday healthcare needs;
- Personal accident insurance, where policyholders are given cash settlement in the event of various types of accidental injury; and
- Plan4Life cancer cover, where policyholders are given cash settlement in the event of diagnosis of various types of cancer.

2A. Impact on these financial statements

The writing of insurance contracts is the Group's primary business and therefore amounts directly related to insurance contracts appear throughout these financial statements. In particular:

- Note 1A (b) describes the accounting for the premium income arising from insurance contracts which appears in the income statement.
- Note 1A (c) describes the accounting for reinsurance which appears in the income statement and notes 5 and 21.
- Note 1A (d) describes the accounting for claims costs that appear in the income statement. Claims are discussed in further detail in section 2B below.
- Note 1C (a) describes the estimation techniques used in the calculation of the technical provisions balances included in the statement of financial position and disclosed in more detail in note 25.
- Note 3 discloses the amount of insurance premium tax paid on premiums arising from insurance contracts.
- Note 6 discloses costs incurred in acquiring insurance business.
- Note 12 discloses the commissions payable in respect of insurance contracts.
- Note 22 discloses the amounts receivable from insurance policyholders

and reinsurers at the statement of financial position date. Reinsurance cover is taken out on certain policies to manage insurance risk.

- Note 25 discloses the movements in insurance technical provisions during 2024 and 2023.

The majority of these figures are of certain timing and amount. The only areas of uncertain timing and amount are technical provisions and the related reinsurance recoverables. The methods for estimating the value of these items is discussed in greater detail in Note 1C (a).

2B. Risks arising from insurance contracts

Insurance risk is the risk that fluctuations in claims or premiums impact the income statement. This includes catastrophic events that lead to short-term spikes in claims.

As a medium-sized health cash plan provider, the business and hence the insurance risk is concentrated within one country of operations – the UK – and a single sector of insurance – general health insurance. In addition, within this,

concentration occurs within the largest group customers. These are companies that have a significant number of their employees as BHSF policyholders and hence are likely to be more concentrated geographically than the general population.

The pricing of products is an important factor in managing insurance risk. An actuarial quote engine is used to price many products, with senior executive involvement in other pricing decisions where necessary. The profitability of products is monitored in order to ensure that products do not become unviable and an appropriate level of surplus is being generated to maintain the solvency of the business. Premium and claims levels are monitored on a monthly basis in order to identify trends.

The nature of the Group's core health cash plan business which makes up over 90% of the Group's premium income is such that claims are of high volume, covering dental or optical appointments and other day-to-day treatments that can be burdensome for individuals but are of relatively low value for the Group. There is limited scope for a claim to be incurred which would be material to these financial statements.

Additionally, insurance risk is mitigated in part by the terms of the health cash plan policies. These state that claims must generally be made within three months of the date the claim event occurred. This reduces the volatility in claims and reduces the risk of sudden large historical claims that could significantly harm the Group's solvency. The value of claims for which there is uncertainty about the timing and amount extending beyond the next 12 months is £11k (2023: £1k).

2C. Sensitivity analysis

Sensitivity analysis is performed to illustrate the vulnerability of the financial statements to different changes. Three sensitivities are presented:

1. A 5% increase/decrease in claims;
2. A 5% increase/decrease in operating expenses; and
3. A one-off catastrophe giving rise to claims of £1,087k (2023: £1,001k).

These first two sensitivities are considered to be reasonably possible changes in a single factor based on past experience for the business. The third is the assessment of catastrophe risk generated by the Standard Formula of the Solvency UK regulatory regime.

	Surplus/(Deficit) before tax		Accumulated fund	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Before sensitivities	(991)	(7,642)	16,399	17,036
After applying claims ratio sensitivity				
- 5% increase in claims	(2,598)	(9,219)	15,194	15,853
- 5% decrease in claims	616	(6,065)	17,604	18,219
After applying expense ratio sensitivity				
- 5% increase in operating expenses	(1,585)	(8,267)	15,953	16,567
- 5% decrease in operating expenses	(397)	(7,017)	16,845	17,505
After applying one-off claims shock sensitivity				
- £1,087k additional claims (2023: £982k)	(2,078)	(8,624)	15,584	16,300

3. Gross premiums written

	2024	2023
	£'000	£'000
Total insurance premiums	44,358	41,217
Less insurance premium tax	(4,710)	(4,395)
Gross premiums written	<u>39,648</u>	<u>36,822</u>

All gross premiums relate to the direct insurance business in relation to medical expenses insurance. During 2024, BHSF wrote premiums for two main categories of medical expenses insurance: health cash plans and personal accident cover.

4. Segmental revenue analysis

The Group's total revenue is generated in the following business segments:

	2024	2023
	£'000	£'000
Gross written premiums:		
Underwritten insurance	39,648	36,822
Other income:		
Insurance broking	339	371
Employee benefits and employer-support services	2,117	1,919
Occupational health and medical services	11,130	7,633
Total revenue	53,234	46,745

All revenue is generated in the UK with the exception of some occupational health services delivered in the Republic of Ireland. Occupational health and medical services income includes other income of £2.8m relating to a receipt from HMRC relating to a VAT refund.

Occupational health revenue is divided into the following geographic segments:

	2024	2023
	£'000	£'000
United Kingdom	10,808	7,276
Republic of Ireland	322	357
Total occupational health revenue	11,130	7,633

5. Gain or loss on reinsurance relationships

	2024	2023
	£'000	£'000
Premiums ceded to reinsurer	244	258
Claims recovered from reinsurer	(151)	(170)
Technical provision movement attributed to reinsurer	38	(119)
(Gain)/Loss on buying reinsurance	131	(31)

6. Net operating expenses

	2024	2023
	£'000	£'000
Business acquisition expenses	1,523	1,737
Direct insurance administration	3,034	2,407
IT and other general administration overheads	5,636	6,805
Commissions payable	1,689	1,555
Total net operating expenses	11,882	12,504

7. Employee costs and numbers

7A. Employee costs:

	2024	2023
	£'000	£'000
Wages and salaries	9,687	10,710
Social security costs	953	1,133
Pension costs	1,418	1,585
Redundancy costs	29	249
	12,087	13,677

Director's emoluments are included in the employee costs above and analysed in Note 8.

The pension costs disclosed above are the costs incurred in respect of the defined contribution pension scheme available to employees of the Group. Costs in respect of the defined benefit pension scheme are discussed in Note 15.

All members of staff within the Group are employed by subsidiary companies. The Company does not directly employ any staff.

Employee costs relating to direct insurance activities amounting to £3.5m (2023: £4.0m) are included in net operating expenses (note 6) and those relating to the provision of claims are included in claims £194k (2023: £267k). The remaining employee costs (including the redundancy costs) amounting to £8.4m (2023: £9.4m) are included in other charges (note 11).

Wages and salaries, social security and pension costs of £nil (2023: £356k) and redundancy costs of £nil (2023: £228k) are regarded as exceptional items and are disclosed in note 13.

7B. The average number of employees during the year:

	2024	2023
	Number	Number
Sales and marketing	22	27
Registration, claims and helpdesk	32	37
Management and administration	124	135
Occupational health practitioners	59	70
	237	269

8. Directors' emoluments and benefits

	2024	2023
	£'000	£'000
Directors' emoluments including benefits in kind	453	495
Contributions to a defined contribution scheme	76	78
	529	573
Highest paid Director		
Directors' emoluments and benefit in kind	136	210
Contributions to a defined contribution scheme	32	46

The above costs are also included in Note 7.

The Group made contributions on behalf of Directors to the following pension scheme during the year:

	2024 Number	2023 Number
Defined contribution scheme	2	2

The highest paid director has no accrued pension or lump sum for the year (2023: nil).

9. Investment income

	2024 £'000	2023 £'000
Income from other investments	253	299
(Loss)/Profit on the realisation of investments	(29)	32
	224	331

10. Other income

	2024 £'000	2023 £'000
Insurance broking	339	371
Employee benefits and employer-support services	2,117	1,919
Occupational health	11,130	7,633
Total revenue	13,586	9,923

11. Other charges

	2024 £'000	2023 £'000
Cost of sales	7,216	7,081
Administration expenses	3,698	4,195
Goodwill and other intangible assets amortisation	112	147
	11,026	11,423
Charitable donations	16	16
	11,042	11,439

Cost of sales comprises direct selling costs for the Employee Benefits and Occupational health businesses.

Administration Expenses includes wages and salaries across support functions not directly involved in the insurance business and IT, legal, consultancy and facilities costs.

Administration expenses includes wages and salaries of £nil (2023: £356k) and redundancy costs of £nil (2023: £228k) which are regarded as exceptional items as disclosed in note 13.

12. Defecit/Surplus before taxation

The defecit before taxation is arrived at after charging the following:

	2024	2023
	£'000	£'000
Depreciation	85	92
Amortisation of other intangibles	112	147
Operating leases – buildings	227	360
Operating leases – other	22	32
Commissions payable	1,689	1,555
Auditor's fees:		
Fees payable in respect of the audit of the Company's accounts	-	-
Other services provided by the Company's auditor:		
Audit fees for the Company's subsidiaries pursuant to regulation	159	155

All fees payable in respect of the audit of the Group's accounts are approved by the Audit Committee. All auditor's fees are payable to PKF Littlejohn LLP.

Audit fees for the company were £54k (2023: £35k) but were paid through another Group company BHSF Management Services Limited.

13. Exceptional Items

	2024	2023
	£'000	£'000
Wages and salaries (including social security and pension costs (Note 7A))	-	356
Redundancy (Note 7A)	-	228
	-	-
	-	584

These costs relate to the transformation and restructuring activities currently being undertaken by the Group and are included in administration expenses in other charges (see note 11).

14. Taxation

14A. Analysis of charge in year

	2024	2023
	£'000	£'000
Corporation tax at 25% (2023: 23.52%)		
Current tax charge	6	-
Adjustments in respect of prior periods included in current tax charge	17	9
Deferred tax credit	(55)	(53)
Adjustments in respect of prior periods in deferred tax charge	(98)	-
Taxation credit	<u>(130)</u>	<u>(44)</u>

14B. Factors affecting the tax charge for the year:

The tax assessed for the year is more (2023: more) than would be expected by multiplying the surplus by the average rate of corporation tax in the UK of 25% (2023: 23.52%). The differences are explained below:

	2024	2023
	£'000	£'000
Defecit before taxation	<u>(991)</u>	<u>(7,636)</u>
Defecit before taxation multiplied by the standard rate of corporation tax at 25% (2022: 23.52%)	<u>(248)</u>	<u>(1,796)</u>
Effects of:		
Gains and losses not subject to corporation tax	-	-
Expenses not deductible for tax purposes	23	68
Income not subject to corporation tax	(96)	(60)
Losses unutilised	(669)	301
Goodwill deduction not subject to corporation tax	-	-
Impairment charge not subject to corporation tax	-	-
Adjustments in respect of prior periods	(99)	6
Foreign tax charge relating to current period	6	3
Foreign tax charge relating to prior period	17	-
Tax rate changes	-	(3)
Deferred tax asset not recognised	933	1,436
Other differences	3	1
Total tax credit	<u>(130)</u>	<u>(44)</u>

The aggregate deferred tax relating to items recognised in other comprehensive income is a charge of £74k (2023: charge of £53k).

14C. Deferred tax

The Group had deferred tax assets as follows:

	2024	2023
	£'000	£'000
Fixed asset timing differences	11	-
Short-term timing differences – trading	3	14
Losses	517	326
	531	340

Deferred tax assets are carried forward within other debtors.

The movement on the deferred tax asset is as follows:

	2024	2023
	£'000	£'000
As at 1 January	340	238
Charged to income statement	191	102
Charged to other comprehensive income (Note 15A)	-	-
As at 31 December	531	340

Deferred tax assets are recognised in respect of the defined benefit pension scheme. This will reverse over the life of the scheme and is subject to changes in valuations of the defined benefit obligation and plan assets. Of the remaining assets, it is estimated that £nil (2023: £nil) will reverse over the next 12 months.

The Group has deferred tax liabilities as follows:

	2024	2023
	£'000	£'000
Fixed asset timing differences	15	43
Investment property revaluations	182	179
Pension scheme asset	327	190
	524	412

The deferred tax liability is carried forward within other provisions.

The movement on the deferred tax liability is as follows:

	2024	2023
	£'000	£'000
As at 1 January	412	238
Charged to income statement	38	49
Charged to other comprehensive income (Note 15A)	74	125
As at 31 December	524	412

Over the next 12 months it is expected that £15k (2023: £52k) of deferred tax liabilities in respect of fixed asset timing differences will reverse as the accounting value and tax value of fixed assets converge. Reversals of deferred tax liabilities in respect of property revaluations is uncertain due to its dependency on prevailing market conditions.

14D. Factors that may affect future tax charges

The main rate of corporation tax in force at the statement of financial position date was 25% (2023:25%). The corporation tax rate increased from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using 25%, which is the enacted rate applicable in the reporting periods when the timing differences reverse.

15. Pension Commitments

The Group provides retirement benefits to some of its former and current employees through a defined benefit pension scheme. The scheme closed to future accrual on 31 October 2012. The pension scheme assets are held in a separate trustee-administered fund to meet the long-term pension liabilities of these past and present employees. The administration of the scheme is determined by the scheme's Trust Deed. It provides that the level of retirement benefit is based upon the highest annual salary earned in any one of the three years preceding retirement.

15A. Pension scheme impact on financial statements

The amounts recognised in the consolidated statement of financial position are as follows:

	2024	2023
	£'000	£'000
Present value of scheme liabilities	(8,706)	(9,894)
Fair value of scheme assets	10,013	10,655
Net surplus recognised	1,307	761

The amounts recognised in the income statement are as follows:

	2024	2023
	£'000	£'000
Interest on net liability	38	20
Total charge	38	20

The amounts recognised in other comprehensive income are as follows:

	2024	2023
	£'000	£'000
Actuarial gain on scheme liabilities	1,031	285
Return on scheme assets less interest	(733)	(75)
Restriction on surplus	-	291
Deferred tax credit on actuarial adjustments (Note 14C)	(74)	(125)
Total net actuarial gain	224	376

There are no commitments in respect of the defined contribution scheme at the year-end (2023: nil).

Following the triennial valuation of the scheme as at 31 March 2023 the Company have agreed to pay £180k per year (monthly instalments of £15k) into the defined benefit scheme with effect from July 2024 (2023: £240k).

15B. Pension scheme assets and liabilities

Changes in the present value of the defined benefit obligation are as follows:

	2024	2023
	£'000	£'000
Opening scheme liabilities	9,894	10,122
Interest cost	433	476
Actuarial loss/(gain)	(1,031)	(285)
Benefits paid	(590)	(419)
Closing scheme liabilities	<u>8,706</u>	<u>9,894</u>

Changes in the fair value of scheme assets are as follows:

	2024	2023
	£'000	£'000
Opening fair value of scheme assets	10,655	10,413
Interest income on scheme assets	471	496
Other income	8	7
Return on scheme assets less interest	(741)	(82)
Contributions by employer	210	240
Benefits paid	(590)	(419)
Closing fair value of scheme assets	<u>10,013</u>	<u>10,655</u>

The actual loss on plan assets was £270k (2023: actual return on plan assets £414k). Under FRS 102, this loss is not recognised. Instead, interest income on scheme assets is calculated using the same discount rate as is applied to liabilities. However, the scheme actuary will take the actual return on assets into account in establishing closing fair value.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2024	2023
Equities	18%	17%
Bonds	60%	57%
Gilts	19%	23%
Annuities	1%	1%
Cash	2%	2%

The most recently-completed triennial actuarial valuation of the defined benefit scheme was performed by an independent actuary at 31 March 2023. The next triennial valuation will consider the scheme's value at 31 March 2026 and will determine whether further contributions by the Company are required.

In arriving at the pension liabilities as at 31 December 2024, the scheme actuary updated the liabilities being used in the triennial valuation at 31 March 2023 by adjusting for payments made to and from the scheme and updating the actuarial assumptions.

15C. Actuarial assumptions

The principal actuarial assumptions used at the statement of financial position date (expressed as weighted averages) are:

	2024	2023
Discount rate	5.40%	4.50%
RPI Inflation before retirement	3.20%	3.10%
RPI Inflation after retirement	3.20%	3.10%
CPI inflation before retirement	2.80%	2.60%
CPI inflation after retirement	2.80%	2.60%
Deferred pension revaluations	3.00%	3.00%
Pension increases – CPI (0,5)	2.80%	2.60%
Pension increases – CPI (0,2.5)	2.50%	2.50%
Pension increases – CPI (0,3)	2.80%	2.60%
Mortality base table	S3PXA YOB	S3PXA YOB
Allowance for future improvements	CMI 2022 1.25%	CMI 2022 1.25%

The discount rate has been derived as a single equivalent rate. This has been done in line with spot rates from the Broadstone AA corporate bond yield curve. The duration of the Scheme's liabilities is around 14 years. The index yield has increased over the year to 5.4% pa at 31 December 2024.

Mortality rate assumptions have been reviewed this year and under the mortality tables adopted the assumed life expectancy is as follows:

	2024	2023
Longevity at age 65 for current pensioners		
Males	21.6	21.6
Females	24.1	24
Longevity at age 65 for future pensioners, now aged 45		
Males	22.9	22.9
Females	25.5	25.4

15D. Sensitivity analysis

The sensitivity of total comprehensive income for the year and the accumulated fund balance are shown below for three key actuarial assumptions. Changes in these assumptions have no impact on the surplus for the year. Sensitivities are chosen by the actuarial advisors based on prevailing conditions at the calculation date.

	Total comprehensive income		Accumulated fund	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Before sensitivities	(637)	(7,222)	16,399	17,036
Reduce discount rate by 0.5% per year	(1,080)	(7,785)	15,956	16,473
Increase inflation 0.5% per year	(855)	(7,515)	16,181	16,743
Add one year to life expectancies	(832)	(7,462)	16,204	16,796

16. Intangible assets

	Goodwill	Other Intangibles	Software	Total
	£'000	£'000	£'000	£'000
Group				
Cost:				
At 1 January 2024	8,959	300	1,116	10,375
Additions	-	-	-	-
At 31 December 2024	8,959	300	1,116	10,375
Amortisation:				
At 1 January 2024	8,959	300	985	10,244
Amortisation charge for the year	-	-	112	112
At 31 December 2024	8,959	300	1,097	10,356
Net book value:				
At 31 December 2024	-	-	19	19
At 31 December 2023	-	-	131	131

Amortisation charged for the year is reflected in other charges in the non-technical account.

In the year to 31 December 2024 there were no new acquisitions made by the Group.

The other intangibles balance represents the value of contracts and customer relationships acquired.

The analysis above shows movement on goodwill balances from previous acquisitions.

17. Land and buildings

	Investment property
	£'000
At market value:	
At 1 January 2024	770
Revaluation	10
At 31 December 2024	780
At cost:	
At 1 January 2024	53
Disposals	-
At 31 December 2024	53

The last professional valuation of all investment properties was carried out at 31 December 2024 by Kirk's Land Agents Limited (Chartered Surveyors – MRICS FAAV qualified).

18. Subsidiary undertakings

18A. Summary of all subsidiary undertakings

The activities of the subsidiary companies during 202 are below:

Trading Companies		Principal activity	% Ownership
BHSF Limited (limited by guarantee)	–	provider of health cash plans and other insurances	100
BHSF Management Services Limited	–	provider of administrative services to the group	100
BHSF Employee Benefits Limited	–	insurance broker and provider of employee benefits and employer-support services	100
BHSF Occupational Health Limited	–	provider of occupational health services	100
Other Companies		Principal activity	% Ownership
BHSF Corporate Healthcare (Holdings) Limited	–	Former holding company for occupational health businesses (exempt from audit under Section 479A of the Companies Act 2006 as the Group agrees to guarantee liabilities of the Company)	100
BHSF Medical Practice Limited	–	provider of private primary care (GP) services (ceased trading during 2020 and exempt from audit under Section 479A of the Companies Act 2006 as the Group agrees to guarantee liabilities of the Company)	100
Nexus Healthcare Limited	–	provider of occupational health services (no longer trading and exempt from audit under Section 479A of the Companies Act 2006 as the Group agrees to guarantee liabilities of the Company)	100

All companies in the Group are registered at 13th Floor, 54 Hagley Road, Birmingham, B16 8PE.

Internal Group Structure

As of 31 December 2024:

- The investments in BHSF Medical Practice Limited, Nexus Healthcare Limited, BHSF Occupational Health Limited and BHSF Management Services Limited were held by BHSF Limited.
- Other investments in subsidiaries were held directly by BHSF Group Limited.

In the case of each subsidiary, BHSF Group Limited is the sole ultimate shareholder or member. All subsidiary companies are incorporated in England and Wales.

Investment in subsidiary undertakings

	£'000
Cost	
At 1 January 2024	11,562
Capital contributions	125
At 31 December 2024	11,687
Accumulated impairment provision	
At 1 January 2024	10,301
Impairment	–
At 31 December 2024	10,301
Net book value	
At 31 December 2024	1,386
At 31 December 2023	1,261

The capital contributions in the year relate to amounts paid to BHSF Employee Benefits Limited (£125k) in ongoing support.

An impairment review was undertaken at the year-end. An impairment of £nil was recognised.

18B. Summary of acquisitions during the year

There were no new acquisitions by the Group during the year.

19. Joint venture

	2024	2023
	£'000	£'000
Cost	-	100
	-	100

The Group via BHSF Employee Benefits Limited entered into a joint venture agreement on 16 September 2019 to control 50 percent of the share capital of The Employee Resilience Company Limited a health and wellbeing provider incorporated in England and Wales on 21 August 2018. The remaining 50% is controlled by SME HCI Limited. The Group's share in the joint venture's total comprehensive income is £nil (2023: £nil). Please see note 32 for related party transactions with The Employee Resilience Company Limited and the accounting policy page note 1(o). The Company sold the investment on 1 March 2024.

20. Financial instruments, financial risk and capital management

A financial instrument is a contract that gives rise to a right to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has financial assets on its statement of financial position which give rise to income and loss in the income statement (e.g. interest and dividends) as well as gains and losses as the market values of those items valued at fair value through profit or loss change over time. In addition, the Group has financial assets and liabilities in the form of the debtors, creditors, borrowings, and cash balances that are a normal part of doing business.

20A Impact of financial instruments on financial statements

20A.1 Financial assets – statement of financial position analysis

The Group holds financial assets valued in the statement of financial position as follows:

	2024 Cost	2024 Fair Value	2023 Cost	2023 Fair Value
	£'000	£'000	£'000	£'000
Financial asset investments held at fair value				
Equities	706	893	3,277	3,649
Collective investment funds	10,124	10,048	10,981	10,410
Total financial assets held at fair value through profit or loss	10,830	10,941	14,258	14,059
Cash held in investment portfolio	19	19	114	114
Total investment portfolio	10,849	10,960	14,372	14,173
Debtors held at amortised cost	3,610	3,610	3,815	3,815
Cash held outside investment portfolio	2,479	2,479	2,363	2,363
Total financial assets	16,938	17,049	20,550	20,351

Collective investment funds include equity funds with a fair value of £3,892k (2023: £2,125k), corporate bond funds with a fair value of £2,138k (2023: £2,836k) and supra-national bond funds with a fair value of £4,017k (2023: £5,449).

All financial assets held at fair value are valued using valuations taken from the active markets in which the assets are actively traded on the statement of financial position date, that is all have valuations that qualify as 'level 1' in the FRS 102 hierarchy of fair valuations.

The Directors consider that the market value of these items takes into account the credit risk of the investment counterparty and therefore no further adjustment to valuations has been applied.

Debtors held at amortised cost do not include prepayments, accrued income and deferred tax assets as these are not financial instruments.

20A.2 Financial liabilities – statement of financial position analysis

The statement of financial position contains financial liabilities within creditors totalling £4,128k (2023: £5,343k). This figure does not include corporation and deferred tax liabilities as these are not financial liabilities.

Besides the provisions covered in more detail in Notes 25 and 26, these are the only financial liabilities the Group holds. All creditors are valued using the amortised cost method. There were no write-offs, write-downs, revaluations or other adjustments of creditors that gave rise to income statement credits or charges over the previous 12 months.

20A.3 Financial assets – income statement analysis

Financial assets measured at fair value

	2024 £'000	2023 £'000
Dividend and interest income from investment portfolio	181	288
Realised gains/(losses) on assets held in investment portfolio	(29)	32
Realised gains on sale of investment property	1	-
Unrealised gains/(losses) on assets held in investment portfolio	610	1,008
Income from option agreements on investment property	16	-
Total income/(cost) from financial assets measured at fair value	779	1,328
Interest earned on cash balances outside investment portfolio	56	12
Total income statement credit	835	1,340
Amount recognised in technical account	20	17
Amount recognised in non-technical account	815	1,323
Total income statement credit/(charge)	835	1,340

20B. Financial risk management

The principal financial risks arising from the Group's normal activities are credit risk, liquidity risk, and market risk, which is comprised primarily of interest rate risk and equity risk. Below, the Group's exposure to and management of each risk is covered in more detail.

20B.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is directly exposed to credit risk in the categories of financial asset in which the default of the other party to the instrument would result in a loss to the Group.

The categories of financial asset in which such counterparty default gives rise to a risk of loss at BHSF, including ageing and impairment information where applicable, can be analysed as follows:

	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Corporate bond funds		2,138		2,836
Government or supranational bond funds		4,017		5,449
Cash at bank or with investment managers		2,498		2,477
Debtors				
Current	2,610		2,824	
Between 1 and 3 months overdue	736		528	
More than 3 months overdue	617		801	
Total debtors before provisions	3,963		4,153	
Provisions against overdue balances	(353)		(338)	
Net debtors balance		3,610		3,815
Total credit risk exposure in the statement of financial position		12,263		14,577

Corporate and government bonds above are held within funds which include a large number of individual instruments. The credit quality of the significant majority of these instruments is expected to be of at least 'investment grade' at any given time. This corresponds to credit quality steps 0 – 3 in the Solvency UK regulatory system. Cash balances are generally of credit quality step 2 – 3 while most of the debtor balances held are unrated, being trade debts with individual companies.

The Group manages the risk of default through investment and operational policies.

Debtors are actively managed on a day-to-day basis, with regular contact established with policyholders or corporate customers in order to arrange payment of amounts overdue. The credit risk in this category is small because the amounts owed by any one debtor do not amount to a material figure.

Cash at bank is held only in major UK banks, the solvency of which are regularly reported in the media and monitored by the Group.

Debtors are considered to be impaired when they are more than three months overdue and without a payment plan in place or there are other indications of impairment. Debtors are presented in the statement of financial position net of impairment for debts which are bad or doubtful. There were no other impairments recognised against any other classes of financial asset in either the current or prior year.

Across all cash holdings and debtors, including those embedded within collective investment funds, the Solvency UK regulatory regime measures the Group's exposure to counterparty default risk at £1,173k (2023: £1,017k).

20B.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group is exposed to liquidity risk in meeting operating costs as represented by the trade and other creditor figures on the statement of financial position totalling £4,128k (2023: £5,343k), and in meeting policyholder claims, represented on the year-end statement of financial position by the technical provision balances totalling £1,688k (2023: £1,889k). Both of these exposures are due within 12 months of the statement of financial position date, and in particular the large majority of claims represented by the technical provisions are generally settled within three months.

The risk of difficulties in meeting these obligations is managed by ensuring investments are made only in liquid instruments which can be converted to cash in a small number of days.

20B.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other prices risk.

20B.3.1 Currency risk

The Group's insurance operations are conducted almost entirely within the UK, with relatively small operational exposure to currency risk. The Group's investment policy does not allow direct investment in foreign currency assets and hence the Group's exposure to currency risk is restricted to foreign currency assets that are part of collective investment funds and which are hedged back to sterling. Collective investment funds containing large proportions of foreign currency assets totalled £9,641k (2023: £9,503k) at the statement of financial position date.

Under the Solvency UK insurance regulatory regime, insurers using a standard formula approach must hold capital to cover a 25% increase or decrease in relevant exchange rates. A 25% increase in the value of pound sterling relative to all foreign currencies would result in a loss of £243k (2023: £233k) being made due to negative movements in the value of investments. Meanwhile a 25% decrease in the value of pound sterling relative to all foreign currencies would result in a gain of £243k (2023: £233k) being made due to positive movements in the value of investments.

20B.3.2 Interest rate risk

Interest rate risk is the risk that asset fair values or future cash flows will fluctuate as a result of changes to interest rates. Interest rate risk affects the value of the Group's investments in corporate and government bonds, and also affects the value of pension scheme assets and long-term liabilities, thus affecting the level of the defined benefit scheme deficit in the statement of financial position. One of the key drivers of interest rate risk is the amount of time between the date on which an asset is valued and the date on which it matures. The Company's portfolio includes collective investment funds of green bonds, world bank bonds, and 'ESG' corporate bonds. These contain a large number of individual bonds so that the Group's exposure to any one bond is relatively small. Detailed maturity analysis of the constituent parts of these funds is not practical, but it is expected that at any one time the large majority of investments will carry maturity dates of within 0 – 10 years.

The Group's internal sensitivity analysis for interest rate risk utilises the approach of the Solvency UK insurance regulatory regime. This applies a shock to the yield of each bond asset of between 70% and -75% based on the duration of each bond within both the company and pension scheme portfolio, as well as the pension scheme liabilities. This analysis indicates that a shock to corporate bond yields could result in a charge of £396k (2023: £240k) and reduction in the accumulated fund of £297k (2023: £180k).

Due to the easy-access nature of cash balances, interest rate risk on cash deposits and cash with investment managers is negligible.

20B.3.3 Other prices (equity) risk

Equity risk is the risk that asset fair values will fluctuate due to changes in equity prices.

Equity risk is managed by the Group through the implementation of an investment policy which limits losses through the application of caps on the exposure to any one company as well as an overall limit on the proportion of the investment portfolio that can be held in equities.

The Group stress tests its exposure to equity prices using the Solvency UK standard formula approach, which considers shocks of 42.06% (2023: 38.94%) and 52.06% (2023: 48.94%), depending on the exact nature of the investment. This analysis shows that as at 31 December 2024, such a shock would result in a profit and loss charge or credit of £2,771k (2023: £2,962k) and reduction or increase in the accumulated fund of £2,078k (2023: £2,222k).

20C. Capital management

As a not-for-profit company limited by guarantee, BHSF Group Limited has limited scope for raising additional capital. As such, the only capital resource generally available to management is the accumulated fund balance of £16,824k (2023: £17,036k). The statement of changes in equity discloses information about the changes in the accumulated fund over the last 12 months.

The Company is subject to capital requirements imposed by the Bank of England's Prudential Regulation Authority (PRA) under Solvency UK regulations. Regulations require firms to maintain a ratio of at least 100%. Management aim to maintain capital sufficient to achieve a solvency ratio of at least 150%.

As at 31 December 2024 BHSF Group's solvency ratio was 153% (2023: 172%) (The Group has taken advantage of the available exemption to have the Solvency and Financial Condition Report audited). Further information on this and other regulatory matters can be found in the BHSF Group Solvency and Financial Condition Report available from www.bhsf.co.uk.

Major investment, product, or other decisions that will impact on regulatory capital requirements or the level of capital available to meet those requirements must be modelled and stress tested as part of the approval process for these decisions. This includes dividend payment decisions within subsidiary companies subject to regulatory capital requirements on an individual level. This enables senior management and the Board to effectively manage capital levels within the Group's risk appetite.

20C. Capital management

As a not-for-profit company limited by guarantee, BHSF Group Limited has limited scope for raising additional capital. As such, the only capital resource generally available to management is the accumulated fund balance of £16,824k (2022: £24,258k). The statement of changes in equity discloses information about the changes in the accumulated fund over the last 12 months.

The Company is subject to capital requirements imposed by the Bank of England's Prudential Regulation Authority (PRA) under Solvency UK regulations. Regulations require firms to maintain a ratio of at least 100%. Management aim to maintain capital sufficient to achieve a solvency ratio of at least 150%.

As at 31 December 2022 BHSF Group's solvency ratio was 172% (2022: 245%)¹ (The Group has taken advantage of the available exemption to have the Solvency and Financial Condition Report audited). Further information on this and other regulatory matters can be found in the BHSF Group Solvency and Financial Condition Report available from www.bhsf.co.uk.

Major investment, product, or other decisions that will impact on regulatory capital requirements or the level of capital available to meet those requirements must be modelled and stress tested as part of the approval process for these decisions. This includes dividend payment decisions within subsidiary companies subject to regulatory capital requirements on an individual level. This enables senior management and the Board to effectively manage capital levels within the Group's risk appetite.

¹ Note that solvency disclosures are not required to be audited and are not presented as audited numbers in this Annual Report or the Financial Statements

21. Movement in reinsurance assets

	2024	2023
	£'000	£'000
Reinsurer's share of technical provisions brought forward	158	39
Technical provision movement attributed to reinsurer	(38)	119
Reinsurer's share of technical provisions carried forward	120	158

See Note 25 showing the technical provisions net of reinsurance assets.

22. Debtors arising out of direct insurance operations

	2024	2023
	£'000	£'000
Amounts receivable from policyholders and policyholder groups	1,655	1,481
	1,655	1,481

23. Other debtors

	2024	2023
	£'000	£'000
Trade debtors	1,855	1,894
Corporation tax debtor	-	431
Other debtors	100	440
Deferred taxation (Note 14)	531	340
	2,486	3,105

Amounts shown due under other debtors fall due within one year with the exception of deferred tax assets recognised in respect of fixed asset timing differences. These balances will reverse over the life of the relevant assets.

24. Tangible fixed assets

	Computer equipment	Furniture and equipment	Total
	£'000	£'000	£'000
Cost:			
At 1 January 2024	287	289	576
Additions	33	1	34
Disposals	-	-	-
At 31 December 2024	320	290	610
Depreciation:			
At 1 January 2024	192	176	368
Charge for the year	54	31	85
Disposals	(1)	-	(1)
At 31 December 2024	245	207	452
Net book value:			
31 December 2024	75	83	158
31 December 2023	95	113	208

25. Technical Provisions

25.1 Unearned premiums and claims provision

	Gross Unearned Premiums	Gross Claims	Total
	£'000	£'000	£'000
As at 31 December 2023	315	1,574	1,889
Technical provisions added	210	31,340	31,550
Technical provisions utilised	(315)	(31,436)	(31,751)
At 31 December 2024	210	1,478	1,688

	Gross Unearned Premiums	Gross Claims	Total
	£'000	£'000	£'000
As at 31 December 2022	372	1,386	1,758
Technical provisions added	315	30,555	30,870
Technical provisions utilised	(372)	(30,367)	(30,739)
At 31 December 2023	315	1,574	1,889

Unearned premiums provisions represent the amount of premiums received from policyholders in respect of future periods.

Claims provisions represent an estimate of the amount the Group will have to pay to policyholders in respect of claims incurred prior to the statement of financial position date that are yet to be paid. The precise value and timing of claims payments is uncertain due to their reliance on factors outside the Group's control, such as the specific nature of the medical services that policyholders opt for, and when they opt to use those services.

It is expected that the significant majority of the claims represented by the provision balance as at the statement of financial position date will be paid within the first three months of the next financial year.

25.2 Reconciliation of claims and reinsurance provisions

	Gross claims	Reinsurance	Net Total
	£'000	£'000	£'000
As at 31 December 2023	1,574	158	1,416
Technical provisions added	31,340	162	31,178
Technical provisions utilised	(31,436)	(200)	(31,236)
At 31 December 2024	1,478	120	1,358

	Gross claims	Reinsurance	Net Total
	£'000	£'000	£'000
As at 31 December 2022	1,386	39	1,347
Technical provisions added	30,555	364	30,191
Technical provisions utilised	(30,367)	(245)	(30,122)
At 31 December 2023	1,574	158	1,416

Of the total claims provision, it is estimated that £120k (2023: 158k) will be recoverable from our reinsurer. A receivable equal to this amount is recognised as reinsurer's share of technical provisions in the statement of financial position (see note 21).

26. Other provisions

	Deferred Tax	Other	Total
	£'000	£'000	£'000
As at 31 December 2023	412	38	450
Provisions added	112	15	127
Provisions utilised	-	-	-
At 31 December 2024	524	53	577

Deferred tax liabilities include fixed asset timing differences and liabilities arising on fair value adjustments applied to investment property and the assets acquired as part of business combinations. Further detail can be found in Note 14.

Other provisions represent the dilapidations on two properties.

27. Other creditors including taxation and social security

	2024	2023
	£'000	£'000
Creditors due within one year:		
Trade and other creditors	2,554	3,262
Corporation tax	-	-
	2,554	3,262

Included in trade and other creditors is £1,531k (2023: £1,464k) relating to other taxation and social security.

28. Lease obligations

The Group had commitments to make future payments under non-cancellable operating leases which fall due as follows:

	2024	2023
	£'000	£'000
Not later than one year – buildings	173	173
– other	22	22
Later than one year and not later than five years – buildings	37	65
– other	52	74
	284	334

29. Capital commitments

The Group had commitments to make payments of £nil (2023: £nil) during the next 12 months in respect of capital asset purchases.

30. Cash and cash equivalents

The statement of cash flows discloses the movement in all cash and cash equivalents. The statement of financial position distinguishes between cash that is on hand or in the bank and cash that is held within the investment portfolio by our investment managers. The following reconciles the statement of financial position cash balance to the statement of cash flows cash balance.

	2024	2023
	£'000	£'000
Closing cash at bank per statement of financial position	2,479	2,363
Cash held in investment portfolio	19	114
Closing cash and cash equivalents per statement of cash flows	2,498	2,477

31. Legal form

BHSF Group Limited is a company limited by guarantee incorporated in England and Wales with company registration number 4767689. BHSF Group Limited's registered office is 13th Floor, 54 Hagley Road, Birmingham, B16 8PE.

32. Related party transactions

The Company is a company limited by guarantee. Accordingly there is no parent entity nor ultimate controlling party.

Compensation of key management personnel of the Group totalled £1,017k (2023: £1,181k). Key management personnel include all directors across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group.

Up to 1 April 24, income of £3.2k was received by the Company from St Basils and donations of £900 were paid by the Company to St Basils, Heidi Stewart who was a director of the company was also a director of St Basils.

During the year, purchases of £322k (2023: £1,677k) were made by the Group from The Employee Resilience Company, a joint venture investment (see note 19) which was sold on 1 March 2024. Thomas Ross who is a director of the Company was also a director of The Employee Resilience Company as one of the BHSF Group's representatives on the joint venture board until 1 March 2024.

During the year, purchases of £11k (2023: £3k) were made by the Group from Auriga Services Limited, Alison McKinna who is a director of the Company was also a director of Auriga Services Limited up until 30 June 24.

There were no other related party transactions other than those between members of the Company's group. All inter group balances are interest free and repayable on demand.

33. Post balance sheet events

Subsequent to 31 December 2024:

- On 31st January 2025 BHSF Limited, a subsidiary of BHSF Group Limited, sold its 100% holding of shares in BHSF Occupational Health Limited.

This event occurred after 31 December 2024 and were the result of changes in circumstances or decision made after that date. As such there is no impact on the primary statements for the 2024 financial year.

