British Medical Association

(Company number: 00008848)

BMA Annual Report – Financial Statements for the year ended 31 December 2013

British Medical Association
BMA House, Tavistock Square, London, WC1H 9JP
bma org uk

BMA

Council members

Members who served on council are listed below (*appointed/** resigned during year)

Professor Sir Sabaratnam Arulkumaran*
Philip Banfield
Ian Banks
Carol Basham**
Keith Brent
Laurence Buckman**
Harrison Carter*
Andrew Collier
Jonathan Cox
Anthony Calland
Michael Chamberlain
Kailash Chand
John Chisholm
Mary Church
Peter Dangerfield
Paul Darragh
Shreelata Datta
Jacqueline Davis
Andrew Dearden
Tom Dolphin
Sam Everington
Paul Flynn
Alex Freeman**
Steve Hajioff**
Sara Hedderwick
Peter Holden
Professor the Baroness Hollins
Louise Irvine
Brian Keighley
Mohib Khan
Amit Kochhar*
Elizabeth Lee
Catherine Macadam*
Derek Machin
Peter Maguire
Reena Mani
Professor Averil Mansfield**
Dean Marshall
Helena McKeown
Paul Miller
Kitty Mohan*
Ben Molyneux**
Adam Moreton
Robert Morley
Lewis Morrison
Anthea Mowat*
Chaand Nagpaul
Clive Peedell
Trevor Pickersgill
Mark Porter
George Rae
Michael Rees
Alice Rutter**
Will Seligman**
Radhakrishna Shanbhag
Mark Temple
Peter Terry
Penelope Toff
Richard Vautrey
Stephen Watkins
Mark Weir
Andrew Wilson*
Fay Wilson
Ian Wilson

Treasurer's report

I am delighted to be able to report another good year for the BMA Group, where income increased by 4 1% to £125 9m and is in line with our 2013 budget

For the Association, our membership continued to grow, as does the income from membership services by a further 3 5% Membership numbers increased by 1,100 during the year, which is at a slightly slower pace compared to the previous year We continue to review the effectiveness of our political engagement for members, as well as improve our services, products and other membership benefits The BMA has initiated a strategic review to ensure the Association continues to be relevant and sustainable for the future Our 'A better BMA' programme is currently under way, which will look at our overall mission, values and strategic direction, and how that shapes our operating model, processes and governance It will ensure the BMA provides the best possible service to its members now and well into the future

As we seek to encourage more of our members to get involved in the Association's work we have created a Family Friendly Fund to help with the cost of childcare or carer arrangements to allow committee and board members to fully participate in BMA activities

At the end of 2013, the BMA applied to the Living Wage Foundation and was successfully accredited with being Living Wage compliant as we seek to live the values our members would expect of us

It has been another successful year for the BMJ, with continued growth in both sales and operating profits Before commenting on this continued growth in more detail, it would be remiss of me not to recognise the 10 years of Chairmanship duties Dr Michael Chamberlain has served, as he retires in March 2014 His tireless work and dedication in growing and expanding the BMJ into both new ventures and territories has left the Group in good financial health, and in a strong position to face future demands and opportunities

BMJ revenues grew by just under 6% in the year to a record £77 3m, this means that growth since 2009 stands at 46% Like-for-like operating profit of £10 7m brings the cumulative increase since 2009 to 22%, which excludes the one-off impairment charge on the valuation of Informatica Systems Limited of £4 3m this year

Income derived from our Estates performed well during the year Tenancy income in BMA House held up well despite the continued challenging economic conditions and it's pleasing to report that we had minimum void areas for the first time in a number of years This income stream represents an important source of funding for the BMA Group, and allows us to expand and improve the services we supply to members without significant increases in subscriptions, or indeed any for this year

As reported last year, an agreement was reached with the trustees of the BMA Staff Pension Scheme on a recovery plan for funding the deficit on the defined benefit scheme An additional £4 5m special contribution was made during 2013, making the total contribution £68m since 2009 Council ratified that the Group should review the current employee pension arrangements in order to provide all employees with a consistent opportunity to save for their pension in the future, and to help control the financial risks that the Association has faced in recent years A formal consultation affecting all employees started and concluded in the later part of the year It has been agreed with Council, staff, staff representatives and staff unions that the defined benefit scheme will be closed to future accrual from the end of July 2014 and we have moved to a consistent pension offering for all staff

The Consolidated Balance Sheet of the Association remains in very good health, with net assets in excess of £114m This reflects our strong operational base and a rise in our investment portfolio driven by the further good performance of the UK and global equity markets during 2013 The equity component of our investment reserves is now managed on a passive basis, in index-tracking pooled funds This change in investment strategy was made in 2010 and protects the Association from volatility whilst maintaining a well-balanced mix of holdings, and reduces the cost of investment managers' and consultants fees Once uncertainty around funding the BMA Staff Pension Scheme has been resolved, the Association will re-evaluate the investment strategy Our year-end working capital and cash positions are both slightly below where we would normally expect to keep them but, with overall liquid reserves of £21 8m and positive cash flows to come, this has more to do with timing than any operational issue As noted previously, the portfolio has shown good growth and generally out-performed the benchmarks without the fluctuations that characterised it at one time At the end of the year, our General Fund (including the cash element) stood at a shade under £100m this compares favourably with the £89 9m at which we closed 2012

In conclusion, the Group's financial position continues to be very strong Although there are still significant challenges ahead the Association is well placed in our mission of supporting and defending doctors and promoting the health of the nation, as we strive and continue to be the professional association of choice for all doctors

Andrew Dearden
Treasurer

Strategic Report

Strategic report for the year ended 31 December 2013
Council members, each of whom is a director of the Association, present their strategic report on the group for the year ended 31 December 2013

Principal activities
The principal activity of the British Medical Association ("The Association") is to provide personal, professional and representation services for its members BMJ Publishing Group Limited (BMJPG) is a wholly owned subsidiary of the British Medical Association and its principal activity is the production and distribution of medical information through various media

Review of business
The Association monitors its performance, by reference to a number of measures, the most significant of which is membership numbers
The Association's current strategic objectives, and its progress towards them, are referred to in the Treasurer's Report

The Association continues to enhance its existing services, and invest in the development of new services This is a major element of managing the risk of a decrease in membership numbers Keeping these at a high level is an important part of maintaining the Association's representativeness, influence and services

Future development
The Association intends to carry on its existing activities during the forthcoming year Further information is provided in the Treasurer's Report

Directors' report

Council members, each of whom is a director of the Association, present their report and the audited consolidated financial statements of the Association for the year ended 31 December 2013

Results
The consolidated net surplus for the year amounted to £1,930,000 (2012 £4,232,000) and this amount has been transferred to the Accumulated Fund

Employment matters and information
The Association is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, disability or marital status The Association gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Association If members of staff become disabled the Association continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary

Employee involvement
The Association systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests Employee involvement in the Association is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Association The Association encourages the involvement of employees by means of an internal magazine, notice boards, information bulletins and circulars In addition, regular meetings are held with staff representatives on general and specific matters

Political and charitable donations
The Association made no political donations during the year It made various charitable donations totalling £150,000 (2012 £172,000) £130,000 was donated to medical education and research and £20,000 was donated to the humanitarian support of doctors

BMA House valuation
The Council members consider that the market value of BMA House, London, based on its existing use, was in the region of £75 million at 31 March 2012 As stated in note 9 to the financial statements, this is significantly higher than the carrying value included within the balance sheet

Qualifying third party indemnity provision
A qualifying third party indemnity provision which was in force during the financial year and also at the date of approval of the financial statements is held on behalf of the directors of the BMJ by the company's ultimate parent undertaking, the British Medical Association

Independent auditors
PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re–appointment will be proposed at the Annual General Meeting

Disclosure of information to auditors
So far as each Council member is aware, there is no relevant audit information of which the company's auditors are unaware Each Council member has taken all the steps that he/she ought to have taken in his/her duty as a Council member in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Statement required by the Trade Union and Labour Relations (Consolidation) Act 1992
A member who is concerned that some irregularity may be occurring, or has occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct The member may raise any such concern with one or more of the following as it seems appropriate to raise with the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he/she should consider obtaining independent legal advice

Responsibilities of Council members in respect of financial statements
The Council members (see page 2) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations Company law requires Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and its subsidiaries and of the consolidated results for that period In preparing these financial statements Council members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business

Council members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association 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 Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Council members are responsible for ensuring the integrity and provision of ongoing maintenance of the BMA website, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

The BMA's registered number is 8848

By order of the Board (Council)
Dr M Porter,
Chairman of Council,
19 March 2014

Report of the Audit Committee for inclusion in the 2013 report of the Directors

Audit Committee's report

During 2013, the Audit Committee comprised the following members Tim Holmes (Chairman), Peter Terry, Fay Wilson, Stuart Cruickshank and Peter Hawker (until June 2013)

In addition, Andrew Dearden (Treasurer), Tony Bourne (Chief Executive/Secretary until August 2013), Keith Ward (Finance Director until August 2013, Interim Chief Operating Officer from September 2013 to November 2013 and Interim Chief Executive Officer from December 2013), Patrick Murphy (Interim Finance Director from September 2013) and Michael Chamberlain (BMJ Board Chairman), normally attend meetings Other senior representatives of management, as well as the External and Internal Auditors, are invited to attend as and when required

The Committee met three times in 2013, its agendas are designed to enable it to meet the requirements of its terms of reference, including

Integrity of financial reporting

The Committee receives regular reports from the Finance Director and the Treasurer regarding the financial performance, systems and processes operating within the BMA and its subsidiary, BMJ Publishing Group Ltd ("BMJ") The Committee considers the annual directors' report and financial statements and recommends their approval to Council The Audit Committee obtained sufficient assurance that the integrity of the Association's financial reporting was maintained during 2013 A regular organisation wide status report was given by the Chief Executive/Interim Chief Executive

External Auditors

The Committee is responsible for approving the proposed audit strategy, for agreeing the schedule of audit fees and for receiving the auditors' final report at the conclusion of their audit work In addition, the Committee considers the appointment of the external auditors on a regular basis with due regard to value and continues to ensure independence and objectivity of the external auditors by

- Setting out an appropriate policy on the provision by the external auditor of non-audit work, and
- Receiving written confirmation of their continued independence from the auditors, having carried out sufficient internal enquiries within their firm as they considered necessary

Governance and management process

The Audit Committee is responsible for monitoring the ongoing effectiveness of the BMA's governance regime During 2013 the Chief Officers initiated management process and governance reviews in concert with Council and the Audit Committee has been kept aware of progress, with work continuing into 2014

Internal Audit

The Internal Audit function is provided by KPMG and in this capacity reports to the Chair of the Audit Committee The Finance Director exercises day to day management control over KPMG and during 2013 six audit assignments were completed

KPMG's audit findings produced recommendations for improvements in some areas Each assignment results in a detailed report of the actions which have been agreed with managers to improve systems and controls and the Audit Committee monitors progress in implementing agreed actions by way of regular reports from management

The Audit Committee has approved a detailed plan of Internal Audit work to be undertaken during 2014

Risk assessment/management

The processes surrounding the identification, mitigation and control of risk form a major part of the Audit Committee agenda The risks the Committee considers fall within three broad categories, financial, operational and reputational, with certain risks culminating in exposure across categories

The Committee dynamically concerns itself with the changing risk landscape and through its programme of work seeks to ensure that the efficacy of the risk management controls within the Association are fit for purpose

To this end the Committee works closely with the Chief Officers and senior management A risk register identifies risk and actions taken or proposed by management in mitigation and receives close scrutiny by the Committee It also periodically reviews risk assessment methodology to ensure that it is appropriate to the current circumstance of the BMA Group and introduces changes as appropriate

The 2014 outlook for the BMA presents a continuance of the challenges faced during 2013, most notably the financial pressures on health spending and the impact of the Health and Social Care Act in England The closure of the BMA Staff Pension Scheme to future benefit accrual reduces the level of risk, nonetheless ongoing liabilities under the scheme remain a significant financial exposure

In addition to these continuing risks, the impact of management changes at the most senior level in both the BMA and BMJ is in the line of sight of the Audit Committee

BMA members benefit from expenditure on member services exceeding subscription revenue, which is made possible by the other sources of revenue including rents, events management, income on reserves and, most notably, significant profit contribution generated by BMJ The commercial areas where BMJ operates are fast moving and subject to technological and commercial risks This risk of rapid change along with the risks associated with sustained overseas growth are key components of the Audit Committee's oversight responsibilities

Tim Holmes
Chairman

Independent auditors' report to the members of the British Medical Association

We have audited the group and parent company financial statements (the "financial statements") of the British Medical Association for the year ended 31 December 2013 which comprise the Income and expenditure account, the Balance sheet, the Consolidated cash flow statement, the Statement of total recognised gains and losses, the Note of historical cost surplus and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the 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 2013, the group's surplus and parent company's deficit for the year then ended, and the group's cash flow for the year then 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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us or
- the 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

Philip Stokes (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

19 **March 2014**

Financial statements for the year ended 31 December 2013

Income and expenditure accounts

	Notes	BMA 2013 £000	BMA 2012 £000	Consolidated 2013 £000	Consolidated 2012 £000
Income					
Membership subscriptions		44,828	43,313	44,828	43,313
Income from other activities		7,567	8,093	3,728	4,607
Publishing					
Subscriptions		–	–	30,294	29,353
Other Income		–	–	47,020	43,662
		52,395	51,406	125,870	120,935
Expenditure					
Members' services		52,326	52,668	53,676	53,734
Other activities		3,839	3,486	–	–
Publishing		–	–	70,868	62,442
		56,165	56,154	124 544	116,176
Operating (deficit)/surplus					
Members' services		(3,770)	(4,748)	(5,120)	(5,814)
Publishing		–	–	6,446	10,573
Operating (deficit)/surplus before staff pension scheme		(3,770)	(4,748)	1,326	4,759
Staff Pension Scheme Contributions (Recovery Plan)	7	(2,970)	(19,470)	–	–
Operating (deficit)/surplus		(6,740)	(24,218)	1,326	4,579
Income from fixed assets	2	2,453	2,806	1,981	2,027
Interest receivable	3	17	123	39	278
Interest payable (inter-company)	4	(83)	(90)	–	–
Other finance income	7	–	–	2,159	376
(Deficit)/surplus on ordinary activities before taxation	5	(4,353)	(21,379)	5,505	7,440
Taxation on (deficit)/surplus on ordinary activities	6	(587)	(668)	(3,575)	(3,208)
Net (deficit)/surplus for the financial year	15	(4,940)	(22,047)	1,930	4,232

The income and (deficit)/surplus on ordinary activities before taxation for the year relate to continuing operations

Statements of total recognised gains and losses

	Notes	BMA 2013 £000	BMA 2012 £000	Consolidated 2013 £000	Consolidated 2012 £000
(Deficit)/surplus for the year	15	(4,940)	(22,047)	1,930	4,232
Unrealised gains on fixed asset investments	16	–	–	10,839	5,430
Foreign exchange movement		–	–	1	(30)
Actuarial (loss)/gain on pension scheme	7	–	–	(714)	650
Movement on deferred tax relating to pension scheme		–	–	56	(53)
Total gains and losses recognised since last financial statements		(4,940)	(22,047)	12,112	10,229

Note of historical cost (deficit)/surplus

	Notes	BMA 2013 £000	BMA 2012 £000	Consolidated 2013 £000	Consolidated 2012 £000
Reported (deficit)/surplus on ordinary activities before taxation		(4,353)	(21,379)	5,505	7,440
Difference between market value and cost of investment realised		–	–	–	–
Historical cost (deficit)/surplus before taxation		(4,353)	(21,379)	5,505	7,440
Taxation on (deficit)/surplus on ordinary activities	6	(587)	(668)	(3,575)	(3,208)
Historical cost (deficit)/surplus after taxation		(4,940)	(22,047)	1,930	4,232

Balance sheets as at 31 December 2013

		BMA		Consolidated	
		2013	2012	2013	2012
	Notes	£000	£000	£000	£000
Employment of funds					
Fixed Assets					
Intangible assets	8	–	–	6,148	11,467
Tangible assets	9	9,950	11,030	10,038	11,139
Investments	10(a)(b)	–	–	96,829	85,990
Investments in group undertakings	10(c)	140,878	140,878	–	–
		150,828	151,908	113,015	108,596
Current assets					
Stocks	11	–	7	136	181
Debtors	12	3,022	2 500	22,723	19,450
Cash held in liquidity fund		–	–	3,140	7,125
Cash at bank and in hand		10,210	1,331	18,754	11,305
		13,232	3,838	44,753	38,061
Creditors (amounts falling due within one year)	13	(35,376)	(22,032)	(50,269)	(47,453)
Net current (liabilities)		(22,144)	(18,194)	(5,516)	(9,392)
Total assets less current liabilities		128,684	133,714	107,499	99,204
Provisions for liabilities	14	(205)	(295)	(205)	(295)
Net assets before pension scheme liability		128,479	133,419	107,294	98,909
Net pension surplus	7	–	–	7,672	3,945
Net assets including pension scheme surplus/(liability)		128,479	133,419	114,966	102,854
Funds employed					
Revaluation reserve – freehold property	9	454	454	454	454
Revaluation reserve – investments	16	–	–	20,076	9,237
Revaluation reserve – investment in subsidiary	10(d)	59,000	59,000	–	–
Accumulated funds	15	69,025	73,965	94,436	93,163
Total shareholders funds		128,479	133,419	114,966	102,854

The financial statements on pages 3 to 22 were approved by Council on 19 March 2014 and were signed on its behalf by A Dearden and M Porter

A Dearden
Treasurer

M Porter
Chairman of Council

The Company's registered number is 8848

Consolidated cash flow statement for the year ended 31 December 2013

	Consolidated		Consolidated	
	2013	2013	2012	2012
	£000	£000	£000	£000
Net cash inflow/(outflow) from operating activities (note a)		5,158		(14,322)
Return on investments and servicing of finance				
Interest received	39		278	
Dividends received	425		101	
		464		379
Taxation		(1,728)		(2,186)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(498)		(463)	
Proceeds on disposal of tangible fixed assets	68		51	
Purchase of investments	-		(8,749)	
		(430)		(9,161)
Cash inflow/(outflow) before use of liquid resources and financing		3,464		(25,290)
Management of liquid resources				
Increase in cash held in liquidity fund		3,985		4,342
Increase in short-term deposits		–		21,690
		7,449		742

	Consolidated	
	2013	2012
	£000	£000
Note a Reconciliation of operating surplus to net cash flow from operating activities		
Operating surplus	1,326	4,759
Difference between pensions charged and cash contributions	(2,584)	(28,023)
Surplus on rental income	1,557	1,926
Depreciation	1,553	2,009
Amortisation and adjustment to goodwill	5,320	1,183
Profit on disposal of tangible fixed assets	(64)	(47)
Increase in creditors	2,153	4,623
Increase in debtors	(4,148)	(731)
(Decrease)/increase in stock	45	(21)
Net cash inflow/(outflow) from operating activities	5,158	(14,322)
Note b Reconciliation of net cash flow to movements in net funds		
Increase in cash at bank in the year	7,449	742
Decrease in cash held in liquidity fund	(3,985)	(4,342)
Decrease in short-term deposits	–	(21,690)
Change in net funds	3,464	(25,290)
Net movement in net funds in the year	3,464	(25,290)
Net funds at 1 January	(3,260)	22,030
Net funds at 31 December	(204)	(3,260)

* Net funds comprise cash at bank and in hand, short–term deposits and cash held in liquidity fund

Notes to the financial statements for the year ended 31 December 2013

1 Accounting policies

a Accounting convention

The financial statements are prepared as a going concern on the historical costs basis of accounting, as modified to include the 1957 revaluation of freehold premises and revaluation of fixed asset investments in accordance with applicable Accounting Standards in the United Kingdom The accounting polices have been applied consistently, other than where new policies have been adopted The format of the income and expenditure account in the financial statements departs from the requirements of the Companies Act 2006, which states that a company's profit and loss account shall show all the items as listed in any one of its prescribed formats This departure is, in the opinion of the council members, necessary to give a true and fair view of the activities of the Association The remainder of the financial statements have been prepared in accordance with the Companies Act 2006

b Basis of consolidation

The consolidated financial statements are of the Association and its 100% owned subsidiaries – BMJ Publishing Group Ltd , BMA Investments Ltd, Informatica Systems Ltd and BMJ Publishing Inc (incorporated and registered in California, USA) Intra–group sales and profits are eliminated on consolidation Profits and losses of companies entering or leaving the Group are included from the date of acquisition or up to the date of disposal Subsidiaries are fully consolidated from the date on which control is transferred to the Group Control exists when the Group has the power directly or indirectly, to govern the financial and operating policies The net assets of subsidiaries acquired are included on the basis of their fair value at the date consideration passes, or an offer is declared unconditional Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

c Membership & publishing subscriptions

All subscriptions are taken into income in the year to which they relate Amounts received by the balance sheet date in respect of future years are deferred and any income earned under future contracts is accrued

d Publications

Income and expenditure relating to publications is accounted for in the year within which the date of the publication falls Income from publications subscriptions is deemed to accrue evenly over the period of the subscription, the proportion of subscriptions invoiced but unearned at the balance sheet date is deferred Advertising income is recognised as soon as obligations are fulfilled

e Venue event hire

Income and expenditure relating to venue event hire is accounted for in the year in which the date of the event occurs Deposits received by the balance sheet date in respect of events in future periods are deferred

f Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date A net deferred tax asset is recognised as recoverable when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an non-discounted basis

g Foreign exchange

The Association maintains certain monetary assets and liabilities in foreign currencies These have been converted at the midmarket rate ruling at the year-end All exchange differences are taken to the income and expenditure account Assets and liabilites of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial period and the results of foreign subsidiaries are translated at the average rates of exchange Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies, and from the translation of the results of these companies at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses Other transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction Monetary assets and liabilities are translated at rates ruling at the balance sheet date and exchange differences are included in operating profit

h Freehold premises (including some BMA House development costs)

With the exception of a surplus of £454,000 that arose on the revaluation of BMA House, London in 1957, all acquisitions of, and additions to, freehold premises are shown in the balance sheet at cost Expenditure since 1957 is capitalised where it is probable that future economic benefit in excess of that valuation will flow as a result of that expenditure Depreciation on this expenditure is calculated on a straight-line basis over the estimated useful lives of the asset categories, the rates of depreciation varying from 1% to 33 3% All other expenditure is treated as an expense

i Long leasehold improvements

Expenditure on leasehold improvements is depreciated over the term of the lease

j Plant and office equipment (including some BMA House development costs) and motor vehicles

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Items of plant and office equipment and motor vehicles costing more than £1,500 are capitalised at cost, except for laptop computers which are capitalised even if they cost less than £1,500

Depreciation is calculated on a straight–line basis over the estimated useful lives of the assets Useful lives vary according to the asset category Plant and office equipment and laptop computers 10% – 33 33%, Motor vehicles 25%

k Provisions

Provisions for liabilities and charges are established when there is a legal or constructive obligation from a past event, in accordance with FRS12 "Provisions, contingent liabilities and contingent assets"

l Current assets – stocks

Stocks are stated at the lower of cost or net realisable value on a first in first out (FIFO) basis and comprise of paper and consumables

m Liquid resources

Liquid resources are defined as being cash balances held on deposit that are readily available (they usually require less than 24 hours notice in order to be accessed)

Notes to the financial statements for the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

n Financial instruments

The group uses derivative financial instruments to hedge its exposures to fluctuations in foreign exchange rates Sales made in foreign currencies are recognised in the profit and loss account at the exchange rate ruling at the date of the transaction and all gains or losses due to movement in foreign currencies are recognised on an accruals basis Forward currency contracts are used to hedge underlying currency risks associated with foreign currency transactions and gains or losses on contracts are taken to the profit and loss account at the maturity date

o Leases

Costs and rental income in respect of operating leases (net of any incentives) are recognised on a straight-line basis over the lease term

p Fixed asset investments

Investments mainly comprise equities, unit trusts and gilts, which are included at market value These are treated as fixed asset investments due to the permanent nature of the investment fund Profit / loss on disposal of investments is the difference between the proceeds of sale and book value Book value is the market value at the previous year end (or cost if purchased during the year of sale) Book value is calculated using the weighted average basis Where there is a current tax charge on the movement in market value, this is then taken to the revaluation reserve through the statement of total recognised gains and losses to the extent that the revaluation reserve is utilised Increases and temporary decreases in market value are taken to the revaluation reserve whereas permanent decreases below book value are recognised in the profit and loss account The tax on profit of investments recognised in the revaluation reserve is taken to reserves through the statement of total recognised gains and losses on sale instead of through the profit and loss account This avoids inconsistency between the tax and accounting treatments

q Pensions

Pension costs are accounted for in accordance with FRS 17, "Retirement Benefits" Defined benefit scheme assets are measured using market value Liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The increase in the present value of the liabilities expected to arise from employee service in the period is charged to operating profit The expected return on the assets and the increase during the period in the present value of the liabilities arising from the passage of time are included in other finance income Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses

The defined benefit scheme surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax

The individual companies within the BMA Group have taken advantage of the multi–employer exemption provided by FRS 17 and account for the defined benefit scheme as if it were a defined contribution scheme This is because they are unable to identify their share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis The pension cost under FRS 17 for the BMA company, therefore, represents the contributions payable in the year Special contributions are treated as a charge in the year in which the contribution is paid

The defined contribution scheme costs are written off to the income and expenditure account in the period in which they are incurred

r Goodwill and amortisation

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's net assets at acquisition date Goodwill is capitalised in the group balance sheet and amortised in equal instalments over its useful economic life which is estimated to be 20 years

The company evaluates the carrying value of goodwill in each financial year to determine if there has been impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the income and expenditure account

s Status

The Association is a company limited by guarantee (registration number 8848), the liability of members being limited to one pound sterling each

2 Income from fixed assets

	BMA		Consolidated	
	2013	2012	2013	2012
	£000	£000	£000	£000
Gross rental income	3,592	3,547	2,497	2,446
Less				
– Service & maintenance costs	(698)	(651)	(500)	(430)
– Refurbishment costs	(441)	(90)	(440)	(90)
Net property income	2,453	2,806	1,557	1,926
Dividends and interest	–	–	616	292
Investment management fees	–	–	(192)	(191)
	2,453	2,806	1,981	2,027

3 Interest receivable

	BMA		Consolidated	
	2013	2012	2013	2012
	£000	£000	£000	£000
Interest on bank deposit accounts	17	123	39	278
	17	123	39	278

Notes to the financial statements for the year ended 31 December 2013 (continued))

4 Interest payable

Interest payable by the BMA relates to interest paid to other group companies

5 (Deficit)/surplus on ordinary activities before taxation

(Deficit)/surplus on ordinary activities before taxation is stated after charging

	BMA		Consolidated	
	2013	2012	2013	2012
	£000	£000	£000	£000
Wages and salaries	23,447	21,870	46,658	41,926
Social security costs	2,218	2,230	4,483	4,500
Pension – defined benefit	2,638	2,698	4,077	4,193
Pension – defined contribution	757	698	1,740	1,448
	29,060	27,496	56,958	52,067
Depreciation	1,487	1,936	1,553	2,009
Amortisation of goodwill	–	–	5,320	958
Profit on disposal of fixed assets	68	47	64	47
Auditors' remuneration				
Audit of financial statements – BMA	42	38	42	38
Audit of financial statements – subsidiaries	–	–	65	59
Audit of financial statements of associated pension scheme	–	–	35	35
Other services relating to taxation	4	2	24	30
Other services	–	–	25	7
Operating lease rentals				
Land and buildings	314	314	393	393
	Number	**Number**	**Number**	**Number**
Monthly average number of employees during year				
Members' services	515	512	515	512
Publishing	–	–	446	414
	515	512	961	926

6 Taxation on (deficit)/surplus on ordinary activities

	BMA		Consolidated	
	2013	2012	2013	2012
	£000	£000	£000	£000
Current tax				
UK Corporation tax @ 23 25% (2012 24 5%)	668	743	2,372	1,901
Adjustments in respect of prior years	8	–	8	(384)
Foreign tax	–	–	53	47
	676	743	2,433	1,564
Deferred tax				
Origination and reversal of timing differences	(51)	(33)	745	(749)
Changes in tax rates or laws	(38)	(42)	41	82
Pension cost charge in excess of pension cost relief		–	356	2,311
	(89)	(75)	1,142	1,644
Taxation on (deficit)/surplus on ordinary activities	587	668	3,575	3,208

UK taxation is based on the surplus for the year arising on income from properties, investments, publishing and financial services activities

Notes to the financial statements for the year ended 31 December 2013 (continued)

6 Taxation on (deficit)/surplus on ordinary activitites (continued)

Reconciliation of tax charge

	BMA		Consolidated	
	2013	**2012**	**2013**	**2012**
	£000	**£000**	**£000**	**£000**
(Deficit)/surplus before tax	(4,353)	(21,379)	5,505	7,440
(Deficit)/surplus before tax multiplied by standard rate of corporation tax in the UK of 23 25% (2012 24 5%)	(1,012)	(5,238)	1,280	1,823
Expenses/(income) not (chargeable)/deductible for tax	1,620	5,948	1,253	(675)
Other timing differences	–	–	(812)	692
Capital allowances in excess of depreciation	60	33	76	44
Adjustments in respect of prior years	8	–	8	(384)
Goodwill and amortisation	–	–	608	113
Capital transactions	–	–	20	(49)
Group relief	–	–	–	–
Current tax charge for the year	676	743	2,433	1,564

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013 and therefore profits for this accounting period are taxed at an effective rate of 23 25%

7 Pension commitments

The British Medical Association participates in a defined benefit funded scheme called the BMA Staff Pension Scheme (the "Scheme") The assets of the Scheme are held separately from those of the Association, being invested in trustee administered funds, mainly through investment management agreements with specialist Fund Managers Pension costs are charged to the income and expenditure account so as to spread the cost of the defined benefit scheme over the employees' period of employment with the Association, based on the advice of an independent qualified actuary using the projected unit method The pension costs relating to the scheme during 2013 are disclosed in note 5

The most recent formal actuarial valuation of the Scheme was at 31 March 2012 and at this date there were 351 contributing members in the Scheme The principal financial assumptions used in that valuation were that the rate of return on investments before retirement would exceed future salary increases by 2 45% per annum and that long-term RPI inflation would be 3 2% per annum The majority of the pensions in the Scheme, in excess of Guaranteed Minimum Pension (GMP), increase in payment in line with RPI inflation Other pensions, in excess of GMP, increase in payment in line with RPI subject to a maximum of 5% each year The actuarial valuation assumed that present and future pensions would increase at a rate of 3 2% per annum, and pensions with capped increases would increase at 3 1% pa The market value of the assets at 31 March 2012 was £213 million, and the value of the assets represented 85% of the value of benefits that had accrued to members, after allowing for future increases in earnings

The next formal valuation is due to take place with an effective date of 31 March 2015

With effect from January 2014 the Association is making contributions at the rate of 39 4% of pensionable salaries for the defined benefit members of the Scheme The member contribution rate for those employees is 6% The total contribution rate of 45 4% of pensionable salaries is the future service contribution rate as determined by the Scheme's actuary with an allowance of 4% for expenses In addition the Association has agreed to pay additional contributions to remove the funding deficit over a period of three years from the valuation date

Following a consultation period during 2013, on 23 January 2014 UK Council of the BMA approved a set of changes to the Association's pension arrangements These changes include the closure of the Scheme to further benefit accrual during 2014 As these changes had not been finalised at the balance sheet date, there is no allowance for this in the benefit obligation at 31 December 2013

The actuarial valuation has been updated to 31 December 2013 for FRS 17 purposes The major assumptions used at that date and the previous year-end were

	2013	**2012**
Rate of increase in salaries	4 6%	4 0%
Rate of increase in pensions in payment		
increasing in line with RPI	3 6%	3 0%
increasing in line with RPI subject to a maximum of 5%	3 4%	2 9%
Discount rate	4 5%	4 5%
RPI inflation assumption	3 6%	3 0%
CPI inflation assumption	2 6%	2 3%

The life expectancy for mortality tables used to determine benefit obligations at

	2013	**2012**
Male member age 65 (current life expectancy)	21 3	21 5
Male member age 40 (life expectancy at age 65)	23 5	23 7
Female member age 65 (current life expectancy)	24 2	24 1
Female member age 40 (life expectancy at age 65)	26 6	26 0

As at 31 December the market value of assets in the scheme and the expected rates of return are

Notes to the financial statements for the year ended 31 December 2013 (continued)

7 Pension commitments (continued)

	Long term rate of return expected at 31 December		Value at 31 December	
	2013	2012	2013 £000	2012 £000
Equities	7 4%	6 8%	187,180	150,731
Index Linked Government Bonds	3 4%	2 8%	55,894	53,704
Corporate Bonds	4 5%	4 2%	19,861	17,790
Property	5 4%	4 8%	28,250	26,533
Other	3 4%	2 8%	996	1,063
Total market value of assets			292,181	249,821
Present value of scheme liabilities			(283,858)	(245,525)
Scheme deficit			8,323	4,296
Related deferred tax asset			(651)	(351)
Net pension surplus			7,672	3,945

The change in the fair value of scheme assets during the year was as follows

	2013 £000	2012 £000
Fair value of plan assets at 1 January	249,821	199,465
Expected return on plan assets	13,265	11,302
Actuarial gain	25,932	11,116
Employer contributions	8,731	33,644
Member contributions	1,129	1,217
Benefits paid from plan	(6,587)	(6,807)
Premiums paid	(110)	(116)
Fair value of plan assets at 31 December	292,181	249,821

The change in the present value of scheme liabilities during the year was as follows

	2013 £000	2012 £000
Present value of liabilities at 1 January	245,525	224,218
Current service cost	6,149	5,621
Interest cost	11,106	10,926
Members' contributions	1,129	1,217
Actuarial gain	26,646	10,466
Benefits paid	(6,587)	(6,807)
Premiums paid	(110)	(116)
Present value of liabilities at 31 December	283,858	245,525

The following figures are reflected within the income and expenditure account and the statement of total recognised gains and losses (STRGL)

	2013 £000	2012 £000
Amounts recognised in income and expenditure account		
Current service cost	(6,149)	(5,621)
Expected return on pension scheme assets	13,265	11,302
Interest on pension liabilities	(11,106)	(10,926)
	2,159	376
	(3,990)	(5,245)
Amounts recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on assets	25,932	11,116
Experience gains and losses on liabilities	-	3,585
Changes on assumptions	(26,646)	(14,051)
Net actuarial (loss)/gain recognised	(714)	650

Notes to the financial statements for the year ended 31 December 2013 (continued)

7 Pension commitments (continued)

	2013 £000	2012 £000
Cumulative amount of actuarial losses recognised in the STRGL	(29,542)	(28,828)

The actual return on scheme assets for the year was a gain of £39 2 million (2012 £22 4 million)

History	Year to 31 December 2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Difference between expected and actual return on scheme assets					
amount	25,932	11,116	(8,295)	13,118	15,094
percentage of scheme assets	9%	+4%	-4%	+7%	+11%
Experience gains and losses on scheme liabilities					
amount	–	3,585	(1,156)	(836)	192
percentage of scheme liabilities	0%	+1%	-1%	0%	0%
Total amount recognised in statement of total recognised gains and losses					
amount	(714)	650	(18,518)	12,666	(12,470)
percentage of scheme liabilities	0%	0%	-8%	+6%	-7%

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £1,740,000 (2012 £1,448,000) No amounts were outstanding at the year end

8 Intangible assets

	Consolidated 2013 £000	2012 £000
Goodwill		
Cost		
At 1 January	14,721	14,721
Additions (see below)	–	–
At 31 December	14,721	14,721
Accumulated amortisation		
At 1 January	(3,254)	(2,071)
Provided during year	(5,320)	(1,183)
At 31 December	(8,573)	(3,254)
Net book value	6,148	11,467

On 4 January 2011, the Group acquired 100% of the share capital of Informatica Systems Limited for £9 2m

Impairment of goodwill

As at 31 December 2013, management identified that the carrying value of goodwill associated with BMJ Publishing Group Limited's investment in its wholly owned subsidiary Informatica Systems Limited was impaired A value-in-use calculation assessing the latest future projected cash flows was therefore performed using a discount rate of 10% and a perpetuity growth rate of 2%, and management have adjusted the carrying value accordingly

The amount provided during the year of £5 3m includes £4 3m in respect of the impairment of Informatica Systems Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

9 Tangible assets

(i) BMA

	Freehold Premises	Long Leasehold Improvements	Plant and Office Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation – 1 January 2013	15,549	520	8,888	843	25,800
Additions during year	–	–	255	192	447
Disposals during year	–	–	(3)	(233)	(236)
Cost or valuation – 31 December 2013	15,549	520	9,140	802	26,011
Less					
Accumulated depreciation – 1 January 2013	(6,530)	(421)	(7,382)	(437)	(14,770)
Charged in year	(626)	(27)	(643)	(191)	(1,487)
Disposals during the year	–	–	2	194	196
Accumulated depreciation – 31 December 2013	(7,156)	(448)	(8,023)	(434)	(16,061)
Net book amount – 31 December 2013	**8,393**	**72**	**1,117**	**368**	**9,950**
Net book amount – 31 December 2012	9,019	99	1,506	406	11,030

(ii) Consolidated

	Freehold Premises	Long Leasehold Improvements	Plant and Office Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost or valuation – 1 January 2013	15,549	520	9,285	951	26,305
Additions during year	–	–	306	192	498
Disposals and amounts written off during year	–	–	(59)	(233)	(292)
Cost or valuation – 31 December 2013	15,549	520	9,532	910	26,511
Less					
Accumulated depreciation – 1 January 2013	(6,530)	(421)	(7,715)	(500)	(15,166)
Charged in year	(626)	(27)	(688)	(212)	(1,553)
Disposals and amounts written off during year	–	–	52	194	246
Accumulated depreciation – 31 December 2013	(7,156)	(448)	(8,351)	(518)	(16,473)
Net book amount – 31 December 2013	**8,393**	**72**	**1,181**	**392**	**10,038**
Net book amount – 31 December 2012	9,019	99	1,570	451	11,139

With the exception of a surplus of £454,000 that arose on the revaluation of BMA House, London in 1957, all acquisitions of, and additions to freehold premises are shown in the balance sheet at cost In the opinion of Council, the market value of freehold premises at 31 December 2013 is significantly higher than the carrying value recorded above In accordance with the transitional provision of FRS 15 Tangible fixed assets, the revaluation of BMA House has not been updated

Notes to the financial statements for the year ended 31 December 2013 (continued)

10 Fixed asset investments

	Consolidated 2013 £000	Consolidated 2012 £000
(a) Reconciliation of market value of investments		
Market value at 1 January	85,990	71,811
Additions to costs	–	8,749
Increase in market value	10,839	5,430
Total at 31 December	96,829	85,990
Cost at 31 December	75,947	75,947

(b) Analysis of market value of investments

	2013 £000	2012 £000
UK non-listed	34,464	31,106
Non-UK listed	25,930	21,564
Non-UK non-listed	35,435	33,320
	96,829	85,990

	BMA 2013 £000	BMA 2012 £000
(c) Cost of investments in group undertakings		
Balance at 1 January and 31 December	140,878	140,878

Entity name	Holding	Country of incorporation	Immediate Parent Company
BMJ Publishing Group Ltd	100%	United Kingdom	BMA
BMA Investments Ltd	100%	United Kingdom	BMA
Informatica Systems ltd	100%	United Kingdom	BMJ Publishing Group Ltd
BMJ Publishing Inc	100%	Incorporated and registered in California, USA	BMJ Publishing Group Ltd
BMJ Group India Private Limited	100%	India	BMJ Publishing Group Ltd

(d) Revaluation reserve – investment in subsidiary

The £59,000,000 revaluation reserve for an investment in subsidiary in the BMA relates to the transfer of the trade and net assets of BMJ Publishing Group to BMJ Publishing Group Limited on 1 January 2003

Council believe that the carrying value of the investments is supported by their underlying net assets and future cash flows

11 Stocks

	BMA 2013 £000	BMA 2012 £000	Consolidated 2013 £000	Consolidated 2012 £000
Raw materials and consumables	–	7	136	181
	–	7	136	181

Notes to the financial statements for the year ended 31 December 2013 (continued)

12 Debtors

	BMA		Consolidated	
	2013 £000	2012 £000	2013 £000	2012 £000
Amounts falling due within one year				
Trade debtors	769	358	15,346	11,472
Amounts owed by group undertakings	-	-	-	-
Other debtors	215	427	566	717
Deferred tax	-	-	831	1,706
Prepayments and accrued income	2,038	1,715	5,980	5,555
	3,022	2,500	22,723	19,450

13 Creditors (amounts falling due within one year)

	BMA		Consolidated	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade creditors	2,489	1,225	4,690	2,805
Amounts owed to group undertakings	15,586	5,641	-	-
Corporation tax	375	335	1,353	779
Tax and other social security costs	262	1,758	282	1,758
Other creditors	238	102	496	4,521
Accruals and deferred income	4,194	3,782	12,930	11,461
Subscriptions received in advance	12,232	9,189	30,518	26,129
	35,376	22,032	50 269	47,453

Included in other creditors above is an amount of £60,000 for pension contributions due to be paid to the BMA Staff Pension Scheme (2012 £436,000)

Amounts owed to group undertaking are interest free and repayable upon demand

14 Provisions for liabilities

	BMA		Consolidated	
	2013 £000 Deferred Tax	2013 £000 Total	2013 £000 Deferred Tax	2013 £000 Total
At 1 January	295	295	295	295
Released during the year	(90)	(90)	(90)	(90)
At 31 December	205	205	205	205

	Consolidated	
	2013 £000	2012 £000
Provision for deferred tax		
Accelerated capital allowances	(137)	(215)
Short term timing differences	134	43
Pensions	629	1,583
	626	1,411
At 1 January	1,411	744
Deferred tax charge in income and expenditure account	(785)	667
At 31 December	626	1,411

The above consolidated deferred tax asset of £626,000 represents the net of the deferred tax asset of £831,000 per note 12 and the £205,000 deferred tax liability

Notes to the financial statements for the year ended 31 December 2013 (continued)

15 Accumulated funds

	BMA		Consolidated	
	2013 £000	2012 £000	2013 £000	2012 £000
Opening accumulated funds	73,965	96,012	93,163	88,364
Net (deficit)/surplus for the financial year	(4,940)	(22,047)	1,930	4,232
Foreign Exchange movement	–	–	1	(30)
Actuarial (loss)/gain on pension scheme	–	–	(714)	650
Movement on deferred tax relating to pension scheme	–	–	56	(53)
Closing accumulated funds	69,025	73,965	94,436	93,163

16 Revaluation reserve – investments

	BMA		Consolidated	
	2013 £000	2012 £000	2013 £000	2012 £000
At 1 January	–	–	9,237	3,807
Increase in market value for year	–	–	10,839	5,430
	–	–	20,076	9,237

17 Reconciliation of movements in funds employed

	BMA		Consolidated	
	2013 £000	2012 £000	2013 £000	2012 £000
Net (deficit)/surplus for the financial year	(4,940)	(22,047)	1,930	4,232
Actuarial (loss)/gain on pension scheme	–		(714)	650
Movement on deferred tax relating to pension scheme	–		56	(53)
Increase in market value for year	–		10,839	5,430
Foreign Exchange movement	–		1	(30)
Net movement in funds employed	(4,940)	(22,047)	12,112	10,229
Opening shareholders' funds as previously reported	133,419	155,466	102,854	92,625
Closing shareholders' funds	128,479	133,419	114,966	102,854

18 Related party transactions

Group entities
The Group has taken the exemption under FRS 8 not to disclose any transactions or balances between group entities that have been eliminated on consolidation

Council, BMJ Publishing Group Board and Audit Committee members
Transactions the BMA has directly with individual Council, BMJ Publishing Group Board and Audit Committee members, excluding transactions expected in order for the member to carry out their duties, are considered related party transactions for the purposes of FRS8

Transactions occur with these related parties as many are medical practitioners and certain transactions will occur in the normal course of them undertaking that role These have not been disclosed as they all have standard charges applicable to all medical practitioners and are considered necessary to undertake their role

Other standard arms length transactions occur in the normal course of business with Council member's practices, for example, licensing of software and payment for locum services These are not disclosed here as the Council member's would not be able to influence these transactions

All related party transactions are carried out at arms length and there were no material related party transactions

Council members are paid Honoraria amounts as described in note 20

Notes to the financial statements for the year ended 31 December 2013 (continued)

19 Financial instruments

The Group had outstanding forward transactions to fund foreign currencies as follows

	Consolidated	
	2013	**2012**
	US $/EUR€ **000**	US $/EUR€ **000**
Maturing within one year		
– to fund future revenues in US dollars	US $8,000	US $7,000
– to fund future revenues in Euros	EUR€2,200	EUR€1,200
Maturing after one year		
– to fund future revenues in Euros 2015	EUR€2,500	-

Notes to the financial statements for the year ended 31 December 2013 (continued)

20 Council members' remuneration

	Consolidated	
	2013	2012
	£	£
Remuneration in respect of 39 (2012-41) members of Council	436,136	528,930
Amount paid to the highest remunerated member of Council	64,475	96,332

Honoraria amounts paid to members of Council during the whole of the year ended 31 December 2013, irrespective of how long they served on Council, were as follows

Honoraria	£
Arulkumaran, S Sir	11,643
Banfield, Mr P	31,500
Brent, Dr K	460
Calland, Dr A	8,970
Chand, Dr K	15,870
Chisholm, Dr J	920
Dangerfield, Dr P	2,070
Darragh, Dr P	30,150
Dearden, Dr A R	61,289
Dolphin, Dr T	1,380
Flynn, Dr P	5,980
Hajioff, Dr S	44,659
Hedderwick, Dr S	2,530
Hollins, Prof S	11,644
Keighley, Dr B D	32,205
Lee, Miss E	230
Kochhar, Mr A A	1,150
Macadam, Ms C	1,150
Machin, Mr D	5,290
Maguire, Dr P	4,600
Mansfield, Prof A	5,750
Marshall, Dr D	920
McKeown, Dr H	4,830
Mohan, Dr K M	15,180
Molyneux, Dr B	17,710
Morley, Dr R	230
Morrison, Dr L	8,510
Mowat, Dr A	6,210
Pickersgill, Dr T	5,290
Porter, Dr M	30,000
Rees, Dr M	2,300
Rutter, Miss A	7,360
Seligman, Mr W	5,980
Shanbhag, Dr R S	13,110
Temple, Dr M	5,520
Terry, Dr P	2,530
Toff, Dr P	4,370
Wilson, Dr I R	21,850
Wilson, Mr A J	1,610
TOTAL HONORARIA	432,950

Council have approved a policy under which a member who provides evidence that their NHS pension benefits are adversely affected by their commitments to BMA activities, is entitled to an appropriate pension allowance payment The amounts of pension allowances paid in 2013 are as shown

Pension Allowance	
Dearden, Dr A R	3,186
	436,136