

**Company Registration No. 00008848**

**British Medical Association**

**Annual Report and Financial Statements**

**for the year ended 31 December 2018**

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# British Medical Association

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# British Medical Association

## Annual report and financial statements 2018

### Officers and professional advisers

#### Members of council

Council is the principal executive committee (PEC) of the trade union as set out by trade union legislation (TULCRA). It sets the strategic direction of the Association in line with policy decided by the representative body at the annual representative meeting (ARM), and is responsible for the formulation of policy throughout the year between ARMs, and for delegating the implementation of policy to the company by way of aims and desired outcomes. Council has responsibility for overseeing the co-ordination and timing of policy implementation of the Association, and the authority to resolve disputes between other BMA bodies and to authorise industrial action.

BMA council generally has 34 voting members but since July 2018 this has increased to 66 voting members.

Each is directly elected by the membership to give a geographical and cross-branch of practice mix. There are also 21 ex-officio non-voting members, including those who chair the many committees reporting to council.

Council also appoints members to central boards and committees, can establish additional committees and working groups.

Dr Krishan Aggarwal  
Dr Jahangir Alom  
Dr Jackie Applebee  
Dr Pooja Arora  
Dr David Bailey  
Dr Philip Banfield  
Dr Jennifer Barclay  
Dr Hannah Barham-Brown  
Dr Rob Barnett  
Dr Peter Bennie  
Dr Dinesh Bhugra (President)  
Dr Tom Black  
Dr Katie Bramall-Stainer  
Mr Harrison Carter  
Dr Kailash Chand  
Dr John Chisholm  
Dr Christine Clayton  
Dr Andrew Collier  
Ms Amanda Cool  
Dr Christina Costache  
Dr David Craigmye  
Dr Peter Curry  
Professor Peter Dangerfield  
Dr Paul Darragh  
Dr Jacqueline Davis  
Ms Anumita Dhullipala  
Dr Thomas Dolphin  
Dr Peter M English  
Dr Glynn Evans  
Sir Sam Everington  
Dr Helen Fidler  
Dr Nick Flatt  
Dr Alex Freeman  
Dr Lauren Gavaghan  
Dr Claire Gerada  
Dr Yannis Gourtsoyannis

Mr Michael Henley  
Dr Peter Holden  
Dr Sebastian Hormaeche  
Dr Philip Howard  
Dr Marie-Louise Irvine  
Dr Anil Jain  
Dr Krishna Kasaraneni  
Dr Iain Thomas Robert Kennedy  
Dr Lucie Kennedy-Cocker  
Mr Amit Kochhar  
Professor Dame Parveen J Kumar  
Mr Joseph Lippincott III  
Dr Mary McCarthy  
Dr Helena McKeown (Chair of representative body)  
Mr Ian McNab  
Dr Richard Mithen  
Dr Anthea Mowat  
Dr Lewis Morrison  
Dr Chaand Nagpaul (Chair of council)  
Dr Kevin O'Kane  
Dr Philip Pearson  
Dr Trevor Pickersgill (Interim Treasurer)  
Dr Allyson Mary Pollock  
Dr Moosa Quershi  
Dr George Rae  
Dr Richard Rawlins  
Professor Michael Rees  
Dr Emma Runswick  
Professor Wendy Savage  
Dr Radhakrishna Shanbhag  
Gurdas Singh  
Christopher Smith  
Dr Vicky Theakston  
Dr Penelope Toff  
Dr Richard Vautreay  
Dr Mark James Stewart Weir

# **British Medical Association**

## **Annual report and financial statements 2018**

### **Officers and professional advisers**

#### **Members of council (continued)**

Dr Zoe Greaves  
Dr Andrew Green  
Dr Gaurav Gupta  
Dr James Haddock  
Dr Robert Harwood

Mr Rajiv Wijesuriya  
Dr John D Woods  
Dr David Wrigley (Deputy chair of council)  
Dr Jennifer Yell

#### **BMA board of directors**

The directors are responsible for the management of the finances and general administration of the BMA. They ensure the implementation of the strategic and operational objectives and resolutions made by council, pursuant to the Articles of the Association.

Dr John Chisholm, Council member  
Mrs Joan Howard, Lay member  
Dr Chaand Nagpaul, Chair of council  
Dr Trevor Pickersgill, Interim Treasurer (appointed 10<sup>th</sup> December 2018)  
Dr Helena McKeown, Chair of representative body (appointed 23<sup>rd</sup> February 2019)

Dr Helen Fidler, Council member (appointed 8<sup>th</sup> August 2018)  
Mr Joseph Lippincott III  
Mr Patrick Murphy, Finance and corporate services director  
Dr Kevin O'Kane, Council member (appointed 8<sup>th</sup> August 2018)

#### **Lawyers**

Gateley  
Ship Canal House  
98 King Street  
Manchester  
M2 4WU

Capital Law  
Capital Building  
Tyndall Street  
Cardiff  
CF10 4AZ

#### **Bankers**

NatWest  
Tavistock Square Branch  
PO Box 83  
Tavistock House  
Tavistock Square  
London  
WC1H 9XA

#### **Registered Office**

BMA House  
Tavistock Square  
London  
WC1H 9JP

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
London, United Kingdom

# **British Medical Association**

## **Report and financial statements 2018**

### **Strategic report**

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

#### **Strategy Review**

In the UK, we represent doctors both individually and collectively on a wide variety of employment issues and, since the inception of the NHS, we have been formally recognised for collective bargaining purposes within national negotiating machinery and by individual employers at a local level.

As a professional body, through research and publishing we lead debate on key ethical, scientific and public health matters and award grants to encourage individual research in medicine.

Our strategic mission remains to “look after doctors so they can look after you” as this is designed to ensure we place our members and all doctors at the heart of what we do, so that they can concentrate on ensuring patients receive the best possible care, as we stand as one profession of doctors.

Our strategic priorities centre around the following themes:

- Member experience

Every member, in every interaction with the BMA, will have a consistent, high quality experience.

- Member Voice

Be able to demonstrate that our policies and actions are representative of the priorities of our members and that we are listening to their voices.

- External influence

Promote the key issues for the doctors to position the BMA as a leading, credible and relevant voice to influence effectively in the health and social care and wider external landscape.

- Structure and governance

Create an agile operation and representative structure, with robust and transparent decision making processes, that support and reflect an increasingly devolved national and local NHS and political environment.

Through the BMJ, our independent publishing organisation, the focus and direction is about creating a healthier world with a mission to advance healthcare worldwide by sharing knowledge and expertise to improve experiences and outcomes.

Our vision: A profession of valued doctors delivering the highest quality health services

Our values are designed to ensure we place our members and all doctors at the heart of what we do.

- Expert: we are an indispensable source of credible information, guidance and support throughout doctors' professional lives.
- Committed: we are committed to all doctors and place them at the heart of every decision we make.
- Reliable: we are doctors' first port of call because we are trusted and dependable.
- Challenging: we are unafraid to challenge effectively on behalf of all doctors.
- Leading: we are an influential leader in supporting the profession and improving the health of our nation.

Our strategic goals are:

- All doctors have strong representation and expert guidance, whenever and wherever they need it
- All doctors have their individual needs responded to, through career long support and professional development
- All doctors are championed by the BMA and their voices are sought, heard and acted upon
- All doctors can connect with each other as a professional community
- All doctors can influence the advancement of health and the profession

# British Medical Association

## Report and financial statements 2018

### Strategic report (continued)

#### Governance

##### *Representative body*

The BMA policies are determined by doctors in local, regional and national forums. They send motions to the representative body (RB), which is the main policy-making body. The representative body is made up of 560 doctors from all parts of the profession. They come together at the annual representative meeting (ARM) to debate the motions and vote on them to formulate policy of the BMA.

##### *Council*

Council sets the strategic direction of the BMA in line with policy decided by the representative body at the annual representative meeting. Council is responsible for the formulation of policy throughout the year and for ensuring the implementation of that policy. Council is the principal executive committee of the trade union.

##### *Board*

The BMA board is tasked with directing the activities of the company in accordance with the Companies Act. The relationship with Council is via two routes:

- The articles of association of the company, which require the Board to ensure the implementation of strategic and operational objectives. Provided they are legal and do not constitute a breach of fiduciary duty to the company, all resolutions made by the BMA Council (who in turn maintain the existing relationship with the Representative Body), must be translated into the policy and activity of the company.
- The Audit and Risk Committee, which is the primary source of oversight accountable to Council, tasked with risk management, the monitoring of effective controls and ongoing operational effectiveness.

The BMA board has group oversight of the BMJ Board.

#### Business Review

BMA Group income grew by 2.7% to £138.8m (2017: £135.1m).

The group net worth of the Association remains very strong at £124.7m (2017: £102.9m). BMA House remains on the balance sheet at nominal value and was valued in the region of £75m in March 2012. The defined benefit pension scheme, under FRS102 is now showing a surplus of £18.1m (2017 deficit: £21.3m). This surplus is largely attributable to the change in the discount rate assumption, driven by a rise in corporate bond yields over the past year.

Our investment portfolio held by BMA Investments Limited has declined by 3.2% (2017 growth: 9.60%) to £121.9m in 2018 (2017 £126.0m), reflecting the decline in global financial markets, which was in line with the various benchmarks within the investment portfolio for 2018.

BMA membership revenue was flat at £48.0m (2017: £48.1m), most practicing branch of practice have seen decline with junior doctor membership by far the most impacted. Revenue from rental income, events and financial services performed well during the year, £7.6m (2017: £5.0m). BMJ Publishing Group Limited (BMJ), seeks to advance healthcare by sharing knowledge and expertise to improve experiences, outcomes and value worldwide aiming to do this by stimulating and informing debate on health and healthcare as well as by creating the best evidence-based services and tools. The group continued to make good progress towards these objectives during the year, in particular the continued growth of international revenues.

In conclusion, the BMA Group remains strong financially, despite difficult political and economic factors in the UK and globally. Our financial stability and strength enables us to continue our core work of supporting doctors and promoting the health of the nations.

# **British Medical Association**

## **Report and financial statements 2018**

### **Strategic report (continued)**

#### **Principal risks and uncertainties**

It is clear the health system in the UK continues to face crisis after crisis which is well documented in all forms of media. The profession is facing unparalleled and systemic pressure from all possible sources. This is further complicated with the devolution of healthcare across the four UK nations and the uncertainty around the impact of Brexit on healthcare.

The BMA needs to ensure that it continues to influence policy and change within the UK health service. In addition, the BMA continues to increase its relevance to all doctors through all of our services to members and the profession e.g. leading negotiations for pay and benefits, providing support through employment disputes, career advice and life-long learning.

Through our service delivery mechanism, we are making significant progress in protecting our members through agreements with healthcare stakeholders. Nonetheless, we are also supporting records number of members individually through our member relations activities.

In terms of financial risk, the BMA group closed its defined benefit pension scheme to future accrual in July 2014. As of that time, the pension scheme was fully funded. Subsequently through abnormal external market conditions, the scheme went into deficit but has now returned to a surplus position. The Association works collaboratively with the scheme's Pension Trustees to manage the on-going financial risk. The next triennial valuation of the scheme is due on 31 March 2021.

With the management of the investment fund, an investment sub-committee is appointed via the finance committee to manage its investment portfolio. Experienced outsourced investment managers manage the funds to agreed investment benchmarks. The present benchmark used for the pool of investments held within BMA Investments Limited, is LIBOR + 3%.

The key business risks and uncertainties affecting the BMJ are considered to relate to global economic conditions and competition from other publishers, and the company recognises the need to invest and innovate to retain its market leading position which it will continue to do in 2019. The management of the BMJ review the level of currency risk inherent within the business and they hedge a level of currency risk via currency forward contracts.

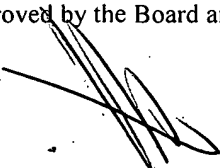
#### **Key performance indicators (KPI)**

The BMA's most important KPI is its membership which stood at 155,792 (2017: 156,262) at the end of the financial year. By ensuring that we are representative and provide up to date, relevant services, the BMA aims to retain and grow its membership. With our membership, this ensures the BMA can maintain its position as a key player when negotiating and influencing health related policy.

BMJ measures performance by reference to its profitability and its influence in the medical community. Influence is monitored by a number of measures; including readership (both online and in print), usage and article citations.

#### **Approval**

Approved by the Board and signed on its behalf by:



**Dr Trevor Pickersgill**  
**Interim treasurer**

# **British Medical Association**

## **Report and financial statements 2018**

### **Directors' report (continued)**

The directors present their annual report and the audited consolidated financial statements of the British Medical Association (BMA) for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the British Medical Association (BMA) is to provide personal professional and representation services for its members.

BMJ Publishing Group Limited (BMJ) and BMA Investments Limited are both wholly owned subsidiaries of the BMA. BMJ and its subsidiaries' principal activities are the production and distribution of medical information through various media including the flagship journal The BMJ. BMA Investments Limited is the investment holding subsidiary for the BMA.

#### **Employment matters and information**

The BMA is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, age, colour, disability or sexual orientation. The BMA 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 BMA. If members of staff become disabled the BMA continues employment, either in the same or an alternative position, with appropriate retraining being given.

#### **Employee involvement**

The BMA 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 BMA is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the BMA. The BMA encourages the involvement of employees by means of an intranet, email updates, 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 BMA made no political donations during the year. It made various charitable donations totalling £203,000 (2017: £229,000). £178,000 (2017: £204,000) was donated to medical education and research and £25,000 (2017: £25,000) was donated to the humanitarian support of doctors.

#### **BMA House valuation**

The directors consider that the market value of BMA House, London, based on its existing use, was in the region of £75m at 31 March 2012. As stated in note 13 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 BMA.

#### **Independent auditor**

Deloitte LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.



# **British Medical Association**

## **Report and financial statements 2018**

### **Directors' report (continued)**

#### **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.

#### **Equality diversity and inclusion**

Our aim is to foster a culture where individual differences and diversity are welcomed. We are committed to promoting equal rights and opportunities, pro-actively tackling discrimination or disadvantage in all forms and creating an open and inclusive culture for our members, employees and stakeholders.

We believe that EDI is integral to our work as a trade union, a professional body and an employer for several reasons:

- It strengthens our ability to stand up for doctors, both individually and collectively, on a wide variety of employment issues and influence on key ethical, scientific and public health matters, by helping to maintain the trust and confidence of all our partners and stakeholders.
- We want to demonstrate that we understand and respond to the diverse needs of doctors and patients and tailor our services accordingly.
- Our membership profile needs to reflect the make-up of the medical profession. Our committee structures must be representative of the membership and medical workforce.
- Having an inclusive and diverse workforce which reflects the rich diversity of the UK population, and the communities in which we operate, is key to achieving our mission and vision. There is also strong evidence that organisations which embrace inclusion and diversity perform better and achieve more.
- We want to attract talent, retain productive and committed staff, and be part of creating a positive culture change that spreads throughout the Association.
- There are important legislative measures affecting equalities and human rights issues. We want to be recognised as an association that aspires to high standards and good practice in all that we do.

#### **Modern Slavery Act 2016**

In compliance with the Modern Slavery Act, BMA's website has a statement on the steps the BMA takes to ensure that slavery and human trafficking do not occur in its supply chain or operations.

#### **Gender pay**

The gender pay gap legislation introduced in April 2017 requires that UK employers with 250 employees or more publish data about their gender pay. As an employer the BMA / BMJ group is committed to reducing our gender pay gap. We are working with our employees to identify ways in which we can do this. The gender pay gap is difference in average pay between men and women in the workforce. We have calculated the median gender pay gap for the BMA/BMJ group to be 14.3%, which means that on average men earn 14.3% more per hour than women. Our median gender pay gap is lower than the national figure, which shows that on average men earn 17.1% more per hour than women.

# **British Medical Association**

## **Report and financial statements 2018**

### **Directors' report (continued)**

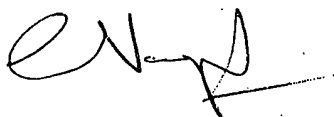
#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Dr C Nagpaul  
Chair of council

28 March 2019

# **British Medical Association**

## **Report and financial statements 2018**

### **Directors' report (continued)**

#### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the group and parent company financial statements (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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 group and the company and of the profit or loss 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **British Medical Association**

## **Report and financial statements 2018**

### **Report of the Audit and Risk Committee**

#### **Audit and risk committee's report**

During 2018, the Audit and Risk Committee comprised the following members: Stuart Cruickshank (chair), Jacques Cadranel, Jill Ainscough, Helena McKeown, and Peter Holden.

In addition, Trevor Pickersgill (interim treasurer), Peter Ashman (BMJ chief executive), Patrick Murphy (director of finance and corporate services), Jay Lippincott (BMJ board chair) and Alex Ritchie (BMJ finance director) 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 2018 and its agendas are designed to enable it to meet the requirements of its terms of reference, which include the following set out below.

#### **Integrity of financial reporting**

The committee receives regular reports from the director of finance and corporate services and the treasurer regarding the financial performance, systems and processes operating within the BMA and its subsidiary, the BMJ Publishing Group Ltd. The committee considers the annual directors' report and financial statements and recommends their approval to BMA council. The audit and risk committee obtained sufficient assurance from both the internal and the external auditors that the integrity of the Association's financial reporting was materially maintained during 2018.

#### **External auditor**

The committee receives regular reports from Deloitte LLP, the external auditor, throughout the year. The committee is responsible for approving the proposed audit strategy, for agreeing the schedule of audit fees and for receiving the auditor's final report at the conclusion of their audit work. In addition, the committee continues to ensure the independence and objectivity of the external auditor 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 auditor, having carried out sufficient internal enquiries within their firm as they considered necessary.

#### **Governance and management process**

The audit and risk committee is responsible for monitoring the ongoing effectiveness of the BMA's governance regime.

In 2018 KPMG had been commissioned by the audit and risk committee to undertake a review of the effectiveness of:-

- risk management;
- strategic planning;
- BMA GDPR;
- BMJPG GDPR.

This piece of work was completed in 2018 with assistance from the BMA and BMJPG CEOs/CFOs (Keith Ward / Belinda Phipps, Peter Ashman, Patrick Murphy and Alex Ritchie, respectively) who had resolved a number of issues in the initial report of the working party and had obtained definitive agreement from management right across the group. The letter of agreement had been approved and signed by the BMA and BMJPG boards.

# **British Medical Association**

## **Report and financial statements 2018**

### **Report of the Audit and Risk Committee (continued)**

#### **Internal audit**

The internal audit function is provided by KPMG and in this capacity reports to the chair of the audit and risk committee. The director of finance and corporate services exercises day to day management control over KPMG and during 2018 four audit assignments were completed.

KPMG's audit findings produced recommendations for improvements in a number of 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 and risk committee monitors management's progress in implementing agreed actions by way of regular reports from management.

The audit and risk committee approved a detailed plan of internal audit work to be undertaken during 2018.

#### **Risk assessment/management**

The processes surrounding the identification, mitigation and control of risk form a major part of the audit and risk committee agenda. The risks the committee considers fall within three broad categories; financial, operational and reputational, with certain risks culminating in exposure across all 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 circumstances of the BMA Group and changes are introduced as appropriate. During 2018, the approach to risk reporting was modified to fit in with the Three Lines of Defence model

- local management:
- local supervisors/risk managers and
- Independent review by, for example Internal Audit.

As this approach matures, an Integrated Assurance Map will be developed to aid communication of the overall risk condition of the organisation to both the BMJ and the BMA Boards.



Stuart Cruickshank

**Chair, Audit and Risk Committee**

# **Independent auditor's report to the members of British Medical Association**

## **Opinion**

In our opinion the financial statements of the British Medical Association (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's surplus and the parent company's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and company income and expenditure;
- the consolidated statement of comprehensive income;
- the consolidated and company balance sheets;
- the consolidated and company statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 22.

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

## **Basis 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Councils (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **Independent auditor's report to the members of British Medical Association**

## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

## **Responsibilities of directors**

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

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

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

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

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

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

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

## **Independent auditor's report to the members of British Medical Association**

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

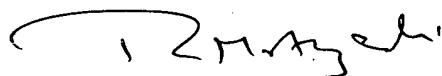
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by 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.

We have nothing to report in respect of these matters.

### **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.



Reza Motazedi FCA, Senior statutory auditor  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
4 April 2019



## British Medical Association

### Company and consolidated income and expenditure

For the year ended 31 December 2018

		BMA (only)		Consolidated	
	Note	2018 £000	2017 £000	Group 2018 £000	Group 2017 £000
<b>Income</b>					
Membership subscriptions		48,019	48,082	48,019	48,082
Income from other activities		9,805	7,283	7,642	4,991
Publishing:					
Subscriptions		-	-	31,450	31,529
Advertising and other income		-	-	51,665	50,509
		<u>57,824</u>	<u>55,365</u>	<u>138,776</u>	<u>135,111</u>
<b>Expenditure</b>					
Members' services		65,625	63,001	66,596	63,794
Other activities		2,862	2,791	-	-
Publishing		-	-	71,836	72,340
		<u>68,487</u>	<u>65,792</u>	<u>138,432</u>	<u>136,134</u>
<b>Operating (deficit)/surplus</b>					
Members' services		(10,663)	(10,427)	(10,935)	(10,721)
Publishing		-	-	11,279	9,698
<b>Operating (deficit)/surplus</b>		<u>(10,663)</u>	<u>(10,427)</u>	<u>344</u>	<u>(1,023)</u>
Income from fixed assets	5	11,239	10,004	6,310	5,584
Interest receivable	6	17	12	39	42
Interest payable (inter-company)	7	(60)	(66)	-	-
Other finance expenditure	11	(1,900)	(1,669)	(1,900)	(1,669)
Gain on sales of fixed asset investments		-	-	258	110
<b>(Deficit)/surplus before taxation</b>	8	<u>(1,367)</u>	<u>(2,146)</u>	<u>5,051</u>	<u>3,044</u>
Taxation	10	<u>(1,108)</u>	<u>(945)</u>	<u>(3,682)</u>	<u>(2,813)</u>
<b>Net (deficit)/surplus for the year</b>	19	<u><u>(2,475)</u></u>	<u><u>(3,091)</u></u>	<u><u>1,369</u></u>	<u><u>231</u></u>

All activities derive from continuing operations.

The notes on pages 21 to 38 form part of these financial statements.

There are no material differences between the deficit before taxation and the loss for the year stated above and their historical cost equivalents.

## British Medical Association

### Company and consolidated statement of comprehensive income

For the year ended 31 December 2018

	Note	BMA		Consolidated	
		2018 £000	2017 £000	2018 £000	2017 £000
Net (deficit)/surplus for the financial year		(2,475)	(3,091)	1,369	231
Other comprehensive income:					
Re-measurements of net defined benefit obligation	11	25,344	18,595	25,344	16,430
Unrealised (losses)/gains on investments	14	-	-	(6,359)	9,359
Deferred tax on revaluation of investment	10	-	-	1,430	(1,240)
<b>Total comprehensive income for the year net of tax</b>		<b>22,869</b>	<b>15,504</b>	<b>21,784</b>	<b>24,780</b>

# British Medical Association

## Company and consolidated balance sheet


For the year ended 31 December 2018


	Note	BMA		Consolidated	
		2018 £000	2017 £000	2018 £000	2017 £000
<b>Fixed assets</b>					
Intangible assets	12	874	547	1,470	1,068
Tangible assets	13	8,085	8,573	8,173	8,660
Investments	14(a)(b)	-	-	121,900	126,022
Subsidiary undertaking	14(c)	140,878	140,878	-	-
		<u>149,837</u>	<u>149,998</u>	<u>131,543</u>	<u>135,750</u>
<b>Current assets</b>					
Inventories	15	-	-	14	29
Debtors	16	5,323	4,210	27,762	24,941
Cash held in liquidity fund		3,005	8,012	7,010	11,694
Cash and bank balances		3,233	774	18,649	12,546
		<u>11,561</u>	<u>12,996</u>	<u>53,435</u>	<u>49,210</u>
<b>Creditor: amounts falling due within one year</b>	17	<u>(39,861)</u>	<u>(40,889)</u>	<u>(59,301)</u>	<u>(56,242)</u>
<b>Net current liabilities</b>		<u>(28,300)</u>	<u>(27,893)</u>	<u>(5,866)</u>	<u>(7,032)</u>
<b>Total assets less current liabilities</b>		<u>121,537</u>	<u>122,105</u>	<u>125,677</u>	<u>128,718</u>
Provisions for liabilities	18	(168)	(161)	(3,186)	(4,567)
Defined pension scheme	11	2,165	(21,279)	2,165	(21,279)
<b>Net assets</b>		<u>123,534</u>	<u>100,665</u>	<u>124,656</u>	<u>102,872</u>
<b>Capital and reserves</b>					
Revaluation reserve – freehold property	13	454	454	454	454
Revaluation reserve – investments	20	-	-	39,339	45,698
Revaluation reserve – subsidiary undertakings	14(d)	59,000	59,000	-	-
Retained earnings	19	64,080	41,211	84,863	56,720
<b>Total equity</b>		<u>123,534</u>	<u>100,665</u>	<u>124,656</u>	<u>102,872</u>

The BMA deficit for the financial year before taxation is (£1,367,000) (2017 (£2,146,000)). The group consolidated surplus for the financial year before taxation is £5,051,000 (2017: £3,044,000)

The notes on pages 21 to 38 form part of these financial statements.

The financial statements of British Medical Association (registered number 00008848) were approved by the board of directors and authorised for issue on 28 March 2019. They were signed on its behalf by:

  
Dr T Pickersgill  
Interim treasurer

  
Dr C Nagpaul  
Chair of council

## British Medical Association

### Company and consolidated statement of changes in equity

For the year ended 31 December 2018

	Other reserves £000	BMA retained earnings £000	Total equity £000	Revaluation reserves £000	Consolidated retained earnings £000	Total equity £000
Balance at 1 January 2017	59,454	25,707	85,161	36,793	41,299	78,092
(Deficit)/surplus for the financial year		(3,091)	(3,091)	-	231	231
Other comprehensive income for the year	-	-	-	-	(1,240)	(1,240)
Net pension deficit movement	-	18,595	18,595	-	16,430	16,430
Unrealised gains on investments	-	-	-	9,359	-	9,359
<b>Balance at 31 December 2017</b>	<b>59,454</b>	<b>41,211</b>	<b>100,665</b>	<b>46,152</b>	<b>56,720</b>	<b>102,872</b>
Balance at 1 January 2018	59,454	41,211	100,665	46,152	56,720	102,872
(Deficit) / surplus for the financial year	-	(2,475)	(2,475)	-	1,369	1,369
Other comprehensive income for the year	-	-	-	-	1,430	1,430
Net pension surplus movement	-	25,344	25,344	-	25,344	25,344
Unrealised loss on investments	-	-	-	(6,359)	-	(6,359)
<b>Balance at 31 December 2018</b>	<b>59,454</b>	<b>64,080</b>	<b>123,534</b>	<b>39,793</b>	<b>84,863</b>	<b>124,656</b>

## British Medical Association

### Consolidated statement of cash flows

For the year ended 31 December 2018

		Consolidated	
	Note	2018 £000	2017 £000
<b>Net cash from operating activities</b>	a	6,509	2,233
Taxation paid		(4,235)	(39)
<b>Net cash generated from operating activities</b>		<u>2,274</u>	<u>2,194</u>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets		(1,117)	-
Purchase of tangible assets		(519)	(620)
Proceeds from disposals of tangible assets		19	187
Interest received		39	42
Dividends received		723	416
<b>Net cash (used in)/generated by investing activities</b>		<u>(855)</u>	<u>25</u>
Net increase in cash and cash equivalents	b	1,419	2,219
Cash and cash equivalents at the beginning of the year		24,240	22,021
Cash and cash equivalents at the end of the year		<u><u>25,659</u></u>	<u><u>24,240</u></u>
<b>Cash and cash equivalents consists of:</b>			
Cash held in liquidity fund		7,010	11,694
Cash and bank balances		18,649	12,546
<b>Cash and cash equivalents</b>		<u><u>25,659</u></u>	<u><u>24,240</u></u>

# British Medical Association

## Consolidated statement of cash flows (continued)

For the year ended 31 December 2018

		Consolidated	
	Note	2018 £000	2017 £000
<b>Note a: Reconciliation of net surplus to net cash inflow from operating activities</b>			
Net surplus for the year		1,369	231
Adjustments for:			
Tax on (deficit)/surplus		3,682	2,813
Income from fixed assets		(6,310)	(5,584)
Income from current assets		(39)	(42)
Other finance expenditure		1,900	1,669
(Gain) on sale on fixed assets investments		(258)	(110)
		<hr/>	<hr/>
Operating surplus/(deficit)		344	(1,023)
Surplus on rental income		3,928	3,543
Depreciation of tangible assets		964	1,252
Amortisation of intangible assets		715	715
Profit on disposal of tangible fixed assets		(19)	(187)
Working capital movements:			
Decrease in creditors		(2,341)	(579)
Decrease / (increase) in debtors		2,930	(1,384)
(Increase) in inventories		(12)	(104)
		<hr/>	<hr/>
Net cash inflow from operating activities		6,509	2,233
		<hr/>	<hr/>
<b>Note b: Reconciliation of net cash flow to movements in net (deficit)/funds</b>			
Increase/(decrease) in cash in the year		6,103	(5,801)
(Decrease)/increase in cash held in liquidity fund		(4,684)	8,020
		<hr/>	<hr/>
Change in net funds		1,419	2,219
		<hr/>	<hr/>

# **British Medical Association**

## **Notes to the financial statements**

**For the year ended 31 December 2018 (continued)**

### **1. Statutory information**

British Medical Association is a private company registered in England and Wales, incorporated in the United Kingdom, registration number 00008848. The registered office is BMA House, Tavistock Square, London, WC1H 9JP. The Association is a company limited by guarantee, the liability of members being limited to one pound sterling each.

### **2. Compliance with accounting standards**

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable to the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

### **3. Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **a Basis of preparation**

These consolidated financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard FRS102. The financial statements have been prepared on the historical costs basis except for the revaluation of freehold premises, revaluation of fixed asset investments and for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The accounting policies have been applied consistently. 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 board 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. The financial statements are presented in Sterling (£). The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemption available to it in respect of its separate financial statements in relation to presentation of a cash flow statement and key management personnel disclosures.

The preparation of financial statements in conformity, with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **b Basis of consolidation**

The consolidated financial statements are of the British Medical Association and its 100% owned subsidiaries – BMA Investments Ltd, BMA Law Limited, BMJ Publishing Group Ltd, BMJ Publishing Inc. (incorporated and registered in California, USA), BMJ Group India Private Limited, BMJ (Beijing) Medical Science and Technology Co Limited and Medelect Limited. Intra-group sales and profits are eliminated on consolidation. Profits and losses of companies entering or leaving the Association 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 Association. Control exists when the Association 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 Association.

# **British Medical Association**

## **Notes to the financial statements**

For the year ended 31 December 2018 (continued)

### **3. Accounting policies (continued)**

#### **c Revenue recognition**

##### **(i) Membership 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.

##### **(ii) Publishing subscriptions and advertising**

Income and expenditure relating to publications is accounted for in the year within which the date of the publication falls. Income from publications subscriptions and service contracts are deemed to accrue evenly over the period of the subscription and service delivery respectively. The proportion of subscriptions invoiced but unearned at the balance sheet date is deferred and any income earned under service contracts is accrued. Advertising income is recognised as soon as obligations are fulfilled. Where results relate to discontinued activities, these are disclosed separately on the face of the income and expenditure account. Any income from learning events and conferences are accounted for in the financial year in which the events and conferences are held.

##### **(iii) 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.

#### **d 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 such exchange differences are taken to the income and expenditure account. Assets and liabilities 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 comprehensive income. 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.

#### **e Financial instruments**

The Association uses derivative financial instruments to hedge its exposures to fluctuations in foreign exchange rates however hedge accounting is not being applied. Sales made in foreign currencies are recognised in the income and expenditure account at the exchange rate ruling at the date of the transaction. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income and expenditure account under finance costs or income as appropriate.

#### **f Deferred tax**

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and



# **British Medical Association**

## **Notes to the financial statements**

**For the year ended 31 December 2018 (continued)**

### **3. Accounting policies (continued)**

- unrealised tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **g Employee benefits**

The Association provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

##### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **(ii) Defined contribution pension plan**

A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity. Once the contributions have been paid the Association has no further obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Association in independently administered funds.

##### **(iii) Defined benefit pension plan**

The Association operated a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

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 comprehensive income. The individual companies within the Association have taken advantage of the multi-employer exemption provided by FRS 102 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.

#### **h 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 Association's balance sheet and amortised in equal instalments over its expected useful life which is estimated to be 20 years. Where the Association is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. The Association evaluates the carrying value of goodwill in each financial year if a trigger of impairment has occurred 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.

##### **(i) Impairment**

The company reviews its goodwill for triggers of impairment each year; however no trigger of impairment has been identified in 2018. In accordance with Accounting Standards any impairment would be charged to the income statement in the year.

#### **i Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives. Software is currently 20% per year and is amortised to the income and expenditure account.

# **British Medical Association**

## **Notes to the financial statements**

For the year ended 31 December 2018 (continued)

### **3. Accounting policies (continued)**

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Association are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development cost previously recognised as an expense are not recognised as an asset in a subsequent period.

#### **j Tangible assets**

##### **(i) Freehold premises**

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.

##### **(ii) Long leasehold improvements**

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

##### **(iii) Plant and office equipment 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 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.

#### **l 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. Investments are carried at market value. The carrying book value is the market value at the previous year end (or cost if purchased during the year of sale). Market 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 comprehensive income 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 income and expenditure account. The tax on profit of investments recognised in the revaluation reserve is taken to reserves through the statement of comprehensive income instead of through the income and expenditure account. This avoids inconsistency between the tax and accounting treatments.

# **British Medical Association**

## **Notes to the financial statements**

For the year ended 31 December 2018 (continued)

### **3. Accounting policies (continued)**

#### **m Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the income and expenditure account as described below.

#### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rat basis.

#### **n Inventories**

Inventories comprise of paper only and are stated at the lower of cost and estimated selling price, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first in first out) method.

#### **o 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).

### **4. Critical accounting judgements and estimation uncertainty**

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's and the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Association considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Provisions are made for doubtful debts at the end of each financial year. This requires management to consider the recoverability of debtor balances and with regard to those deemed to be doubtful in nature to estimate the risk of doubtful debts becoming irrecoverable based on existing knowledge and past experience.

The Association has obligations to pay out pensions at retirement based on service and final pay. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 5. Income from fixed assets

	<b>BMA</b>		<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gross rental income	5,089	4,804	3,778	3,366
Add				
- Service & maintenance income	-	-	150	177
Net property income	5,089	4,804	3,928	3,543
Dividends and interest	6,150	5,200	2,467	2,268
Investment management fees	-	-	(85)	(227)
	<u>11,239</u>	<u>10,004</u>	<u>6,310</u>	<u>5,584</u>

### 6. Interest receivable

	<b>BMA</b>		<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest on bank deposit accounts	17	12	39	42
	<u>17</u>	<u>12</u>	<u>39</u>	<u>42</u>

### 7. Interest payable (inter-company)

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

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 8. (Deficit)/surplus before taxation

(Deficit)/surplus before taxation is stated after charging:

	<b>BMA</b>		<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	26,294	26,015	53,491	54,112
Social security costs	2,692	2,706	5,106	5,109
Other pension costs – defined contribution	2,984	2,881	5,548	5,478
	<u>31,970</u>	<u>31,602</u>	<u>64,145</u>	<u>64,699</u>
<b>Depreciation of tangible assets</b>	901	1,176	964	1,252
<b>Amortisation of intangible assets</b>	231	231	715	715
<b>Profit on disposal of fixed assets</b>	(19)	(177)	(19)	(187)
<b>Auditor's remuneration</b>				
Audit of financial statements - BMA	56	55	56	55
Audit of financial statements - subsidiaries	-	-	81	78
<b>Operating lease rentals:</b>				
Land and buildings	272	272	472	472

	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Monthly average number of employees during year:				
Members' services	498	504	498	504
Publishing	-	-	443	443
	<u>498</u>	<u>504</u>	<u>941</u>	<u>947</u>

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 9. Directors' emoluments

	BMA		Consolidated	
	2018 £000	2017 £000	2018 £000	2017 £000
Aggregate emoluments/honoraria (excluding pensions)	1,093	933	2,367	2,048
Aggregate pension – defined contribution scheme	13	38	36	75
<b>Highest paid director</b>				
Total amount of emoluments and amounts receivable under long-term incentive plans	196	297	321	297

### 10. Taxation on (deficit)/surplus

	BMA		Consolidated	
	2018 £000	2017 £000	2018 £000	2017 £000
<b>Current tax</b>				
UK corporation tax @ 19% (2017: 19.25%)	1,132	972	3,569	2,657
Adjustments in respect of prior years	(30)	(6)	(62)	(30)
Foreign tax	-	-	60	235
<b>Total current tax</b>	1,102	966	3,567	2,862
<b>Deferred tax</b>				
Origination and reversal of timing differences	(17)	(21)	104	(65)
Changes in tax rates or laws	-	-	(13)	5
Adjustments in respect of prior years	23	-	24	11
<b>Total deferred tax</b>	6	(21)	115	(49)
<b>Total taxation on (deficit)/surplus</b>	1,108	945	3,682	2,813

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 10. Taxation on (deficit)/surplus (continued)

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

Reconciliation of total tax charge

	<b>BMA</b>		<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(Deficit)/surplus before tax	(1,367)	(2,146)	5,051	3,044
(Deficit)/surplus before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(260)	(413)	959	586
Expenses not deductible for tax	2,541	2,362	1,918	1,729
Other timing differences	-	-	534	13
Adjustments in respect of prior years	(6)	(6)	(38)	(19)
Goodwill and amortisation	-	-	716	726
Rate change	-	-	(13)	5
Foreign tax	-	-	29	96
Income not taxable	(1,169)	(1,001)	(315)	(313)
Capital allowances in excess of depreciation	2	3	(108)	(10)
<b>Total tax charge for the year</b>	<b>1,108</b>	<b>945</b>	<b>3,682</b>	<b>2,813</b>

Deferred tax

	<b>BMA</b>		<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Provision for deferred tax				
Accelerated capital allowances	(167)	(161)	(256)	(151)
Revaluation of investments	-	-	(3,018)	(4,406)
Short term timing differences	-	-	182	102
Pensions	-	-	-	48
	<b>(167)</b>	<b>(161)</b>	<b>(3,092)</b>	<b>(4,407)</b>
At 1 January	(161)	(182)	(4,407)	(3,216)
Deferred tax (charge)/credit in income and	(6)	21	(115)	49
Deferred tax in statement of comprehensive income	-	-	1,430	(1,240)
<b>At 31 December</b>	<b>(167)</b>	<b>(161)</b>	<b>(3,092)</b>	<b>(4,407)</b>

The above consolidated deferred tax liability of £3,092,000 (2017: £4,407,000) represents the net of the deferred tax asset of £94,000 (2017: £160,000) per note 16 and the £3,186,000 (2017: £4,567,000) deferred tax liability per note 18.

#### Factors that may affect future tax charges

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief and or UK tax legislation.

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 11. Post-employment benefits

The British Medical Association ("Association") has applied FRS102 and the following disclosures relate to this standard.

The Association operates a defined benefit scheme called the BMA Staff Pension Scheme (the "Scheme") that pays out pensions at retirement based on service and final pay. The scheme operates under UK trust law and the trust is a separate legal entity from the Association. 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 most recent formal actuarial valuation of the Scheme was at 31 March 2018 and at this date there were no contributing members in the Scheme. 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 2.95% per annum, and pensions with capped increases would increase at 2.90% pa.

The actual return on assets over the year to 31 December 2018 was a loss of £16.0 million.

The Association expects to make nil contributions to the Scheme in the next financial year.

	2018 £000	2017 £000
<b>Principal actuarial assumptions:</b>		
Future pension increases		
- Increasing in line with RPI	3.40%	3.40%
- Increasing in line with RPI subject to a maximum of 5%	3.10%	3.10%
Discount rate	2.80%	2.50%
RPI inflation	3.40%	3.40%
CPI inflation	2.40%	2.40%

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

	2018 £000	2017 £000
Male member age 65 (current life expectancy)	22.4	22.3
Male member age 40 (life expectancy at age 65)	23.8	24.0
Female member age 65 (current life expectancy)	24.7	25.2
Female member age 40 (life expectancy at age 65)	26.2	27.1



# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 11. Post-employment benefit (continued)

	Value at 31 December	
	2018	2017
	£000	£000
Equities	107,899	157,846
Indexed Linked Government Bonds	133,023	93,907
Corporate Bonds	54,713	55,471
Property	40,795	39,376
Liability Driven Investment (LDI)	18,141	23,516
Other	20,148	23,858
Fair value of scheme assets	374,719	393,974
Present value of funded obligations	(356,589)	(417,418)
Scheme Surplus/(deficit)	18,130	(23,444)
Irrecoverable surplus (effect of asset ceiling)	(18,130)	-
Deferred tax on scheme deficit	2,165	2,165
Net defined benefit after deferred tax	2,165	(21,279)

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

	2018	2017
	£000	£000
Fair value of scheme assets at 1 January	393,974	368,488
Interest income on scheme assets	9,700	9,621
Actuarial (loss)/gain	(16,048)	26,690
Benefits paid from scheme	(11,946)	(10,178)
Scheme administration expenses	(961)	(647)
Fair value of scheme at 31 December	374,719	393,974

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 11. Post-employment benefit (continued)

The movement in the present value of defined benefit obligation during the year was as follows:

	2018 £000	2017 £000
Defined benefit obligation at 1 January	417,418	406,693
Interest cost	10,286	10,643
Actuarial (gain)/loss due to change in assumptions	(59,522)	10,260
Plan introduction, changes, curtailments and settlements	353	-
Benefits paid from scheme	(11,946)	(10,178)
Defined benefit obligation at 31 December	356,589	417,418

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £'000
Net interest on net defined benefit liability	(939)	(1,022)
Scheme administration expenses	(961)	(647)
	<u>(1,900)</u>	<u>(1,669)</u>

Analysis of amount recognised in Other Comprehensive Income (OCI):

	2018 £000	2017 £000
Return on assets, excluding interest income	(16,048)	26,690
Actuarial gain/(losses) arising from changes in assumptions	59,522	(10,260)
Gain due to the asset ceiling	<u>(18,130)</u>	<u>-</u>
Total gain recognised in the OCI at 31 December	<u>25,344</u>	<u>16,430</u>

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 12. Intangible assets

	BMA Software £000	Goodwill £000	Consolidated Software £000	Total £000
At 1 January 2018				
Cost	547	521	547	1,068
Additions	558	-	1,117	1,117
Amortisation	(231)	(484)	(231)	(715)
Closing net book amount	874	37	1,433	1,470

#### Intangible assets

The software intangible assets include the Association's new membership system, HR payroll systems and finance system, which were created by external development firms for the Association's specific requirements and have a remaining amortisation period of 2.5 year, 3.5 years and 5.0 years respectively.

#### Goodwill

The Drug and Therapeutics Bulletin (DTB), which was purchased by BMJ Publishing Ltd in 2006, has a carrying value as at 31 December 2018 of £37,000 (31 December 2017: £175,000).

### 13. Tangible assets

(i) BMA	Freehold premises £000	Long leasehold improvements £000	Plant and office equipment £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2018	12,891	1	1,564	742	15,198
Additions during year	156	-	299	-	455
Disposals during the year	-	-	(6)	(23)	(29)
At 31 December 2018	13,047	1	1,857	719	15,624
Less:					
Accumulated depreciation					
At 1 January 2018	(5,196)	(1)	(1,141)	(287)	(6,625)
Charge for the year	(424)	-	(318)	(159)	(901)
Disposals and amounts written off during the year	-	-	6	(19)	(13)
Accumulated depreciation	(5,620)	(1)	(1,453)	(465)	(7,539)
At 31 December 2018					
<b>Net book value</b>					
At 31 December 2018	7,427	-	404	254	8,085
At 31 December 2017	7,695	-	426	452	8,573

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 13. Tangible assets (continued)

(ii) Consolidated	Freehold premises £000	Long leasehold improvements £000	Plant and office equipment £000	Motor vehicles £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2018	12,891	1	1,710	742	15,344
Additions during year	156	-	363	-	519
Disposals during the year	-	-	(6)	(23)	(29)
At 31 December 2018	13,047	1	2,067	719	15,834
Less:					
Accumulated depreciation					
At 1 January 2018	(5,196)	(1)	(1,199)	(287)	(6,683)
Charge for the year	(424)	-	(381)	(159)	(964)
Disposals during the year	-	-	6	(20)	(14)
Accumulated depreciation	(5,620)	(1)	(1,574)	(466)	(7,661)
At 31 December 2018					
<b>Net book amount</b>	<b>7,427</b>	<b>0</b>	<b>493</b>	<b>253</b>	<b>8,173</b>
At 31 December 2018					
At 31 December 2017	7,695	0	511	455	8,660

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 the directors, the market value of freehold premises at 31 December 2018 is significantly higher than the carrying value recorded above.

### 14. Investments

	Consolidated	
(a) Reconciliation of market value of investments	2018 £000	2017 £000
Market value at 1 January	126,022	114,937
Additions	7,137	16,875
Proceeds of sale	(4,900)	(15,149)
(Decrease)/increase in market value	(6,359)	9,359
Total at 31 December	121,900	126,022
Cost at 31 December	82,239	80,320

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 14. Investments (continued)

(b) Analysis of market value of investments	Consolidated	
	2018 £000	2017 £000
UK equity passive index funds	24,453	26,846
Global equity passive index funds	35,498	42,394
Multi asset diversified funds	17,852	15,801
Sustainable real return funds	25,407	23,252
Secured property income fund	18,368	17,729
Locum Tap*	322	-
	<u>121,900</u>	<u>126,022</u>

\*In 2018, the BMJ Publishing group purchased a 10% minority interest in LocumTap Limited (trading as Patchwork Limited), to help hospitals better manage demand for NHS temporary staff. Patchwork Limited is a marketplace that connects healthcare employers directly with locum clinicians.

(c) Cost of investments in group undertakings	BMA	
	2018 £000	2017 £000
Balance at 1 January and 31 December	<u>140,878</u>	<u>140,878</u>

Entity name	Holding	Country of incorporation	Company registration numbers	Immediate parent company	Registered Office
BMJ Publishing Group	100%	United Kingdom	03102371	BMA	BMA House, Tavistock Square, London
BMA Investments Limited	100%	United Kingdom	02683429	BMA	BMA House, Tavistock Square, London
BMA (2002) Limited*	100%	United Kingdom	03523034	BMA	BMA House, Tavistock Square, London
Medelect Limited*	100%	United Kingdom	03908486	BMJ Publishing Group Ltd	BMA House, Tavistock Square, London
BMJ Publishing Inc.	100%	Incorporated and registered in California, USA	-	BMJ Publishing Group Ltd	Two Hudson Place, Hooken, NJ 07030 USA
BMJ Group India Private Limited	99%	India	-	BMJ Publishing Group Ltd	Navkar Marol, Andheri, Mumbai, India
BMJ (Beijing) Medical Science and Technology Co Limited	100%	China	-	BMJ Publishing Group Ltd	1509 Silver Tower No2 East, Chaoyang District, Beijing 100027 China

\*Both BMA (2002) Limited and Medelect Limited were dormant during the year.

### (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 from BMA to BMJ Publishing Group Ltd on 1 January 2003.

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

## British Medical Association

### Notes to the financial statements

For the year ended 31 December 2018 (continued)

#### 15. Inventories

	BMA		Consolidated	
	2018	2017	2018	2017
	£000	£000	£000	£000
Raw materials and consumables	-	-	14	29
	-	-	14	29

#### 16. Debtors

	BMA		Consolidated	
	2018	2017	2018	2017
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
Trade debtors	1,833	1,414	17,299	14,943
Amounts owed by group undertakings	12	11	-	-
Other receivables	654	847	947	1,121
Deferred tax	-	-	94	160
Prepayments and accrued income	2,824	1,938	9,422	8,717
	5,323	4,210	27,762	24,941

Amounts owed by group undertaking are interest free and repayable upon demand.

#### 17. Creditors: amounts falling due within one year

	BMA		Consolidated	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	3,904	4,090	6,926	6,549
Amounts owed to group undertakings	17,795	18,683	-	-
Corporation tax	617	539	1,966	1,241
Other taxation and social security	-	-	-	3
Other creditors	-	-	1,264	1,185
Accruals and deferred income	9,042	8,918	22,277	20,585
Subscriptions received in advance	8,503	8,659	26,868	26,679
	39,861	40,889	59,301	56,242

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

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 18. Provisions for liabilities

	BMA		Consolidated	
	2018	2017	2018	2017
	£000	£000	£000	£000
Deferred tax				
At 1 January	161	182	4,567	3,341
Provided during the year	7	(21)	(1,381)	1,226
At 31 December	168	161	3,186	4,567
Amounts estimated to be released less than 12 months	-	-	-	-
Amounts estimated to be released greater than 12 months	168	161	3,186	4,567
	168	161	3,186	4,567

The above excludes the deferred tax asset of £2,165,000 relating to the BMA Staff Pension Scheme see note 11.

### 19. Retained earnings

	BMA		Consolidated	
	2018	2017	2018	2017
	£000	£000	£000	£000
Opening accumulated funds	41,211	25,707	56,720	41,299
Net (deficit)/surplus for the financial year	(2,475)	(3,091)	1,369	231
Actuarial gain on pension scheme movement	25,344	18,595	25,344	16,430
Deferred tax on revaluation of investments	-	-	1,430	(1,240)
Closing accumulated funds	64,080	41,211	84,863	56,720

### 20. Revaluation reserve - investments

	BMA		Consolidated	
	2018	2017	2018	2017
	£000	£000	£000	£000
At 1 January	-	-	45,698	36,339
(Decrease)/increase in market value for year	-	-	(6,359)	9,359
At 31 December	-	-	39,339	45,698

# British Medical Association

## Notes to the financial statements

For the year ended 31 December 2018 (continued)

### 21. Reconciliation of movements in funds employed

	BMA		Consolidated	
	2018	2017	2018	2017
	£000	£000	£000	£000
Net (deficit)/surplus for the financial year	(2,475)	(3,091)	1,369	231
Net actuarial gain on pension scheme movement	25,344	18,595	25,344	16,430
Deferred tax on revaluation of investments	-	-	1,430	(1,240)
(Decrease)/increase in market value for year	-	-	(6,359)	9,359
Net movement in funds employed	22,869	15,504	21,784	24,780
Opening accumulated funds	100,665	85,161	102,872	78,092
Closing accumulated funds	123,534	100,665	124,656	102,872

### 22. Related party transactions

#### Group entities

The Association is exempt from disclosing related party transactions with other companies that are wholly owned within the Association.

#### BMA Board, BMJ Publishing Group Board and Audit Committee members

Transactions the BMA has directly with individual BMA Board, 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.

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

All related party transactions are carried out at arm's length and there were no material related party transactions. Council members are paid Honoraria amounts.

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the company of incorporation and effective percentage of ownership has been disclosed in note 14c.