

British Homeopathic Association

Trustees' Report and
Financial Statements

Year Ended 31st August 2005

Registered Charity Number: 235900

Registered Company Number: 102915



BRITISH HOMEOPATHIC ASSOCIATION

Annual report and financial statements for the year ended 31 August 2005

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Trustees

Dr D Spence – Chairman
Mrs G Butcher (*appointed 7 April 2005*)
Mr J Churchill
Mr J Cook
Miss H A Jenkins
Dr A Jones
Dr R Leckridge (*resigned 20 January 2005*)
Mr A Reynolds (*resigned 7 April 2005*)
Mr G Randhawa (*appointed 7 April 2005*)
Mr J Saxton (*appointed 7 April 2005*)
Mr R Whithear

Bankers

HSBC PLC
19 Marylebone High Street
London, W1M 4BD

Stockbrokers

Rensburg Sheppards
2 Gresham Street
London, EC2V 7QN

Secretary and registered office

Ms Sally Penrose
Hahnemann House, 29 Park Street West, Luton, LU1 3BE

Company number

102915 (England and Wales)

Registered charity number

235900

Auditors

Kingston Smith, 105 St Peter's Street, St Albans, Hertfordshire, AL1 3EJ

BRITISH HOMEOPATHIC ASSOCIATION

Report of the trustees for the year ended 31 August 2005

The trustees acting for the charitable activities of the British Homeopathic Association submit their report and financial statements for the year ended 31 August 2005, which have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by charities"(2000) and the Companies Act 1985. The trustees, who constitute the Council of the British Homeopathic Association, are listed on the previous page.

Status

The British Homeopathic Association is constituted by the Memorandum and Articles of Association dated 1 September 2000 and is a registered charity (number 235900) and a company limited (number 102915) by guarantee not having any share capital.

Every member of the British Homeopathic Association undertakes to contribute such an amount as is required (not exceeding £1) to the company's assets if it should be wound up while he or she is a member of the company or within one year of ceasing to be a member.

The William Kadleigh Memorial Fund

The William Kadleigh Memorial Fund is an unregistered connected charity whose capital funds are held and managed by the British Homeopathic Association on behalf of the Kadleigh Committee. The committee determine the disposition of funds and report at least annually.

	2005 £	2004 £
Balance of Fund's assets at 1 September 2004	130,962	129,529
Investment income	4,513	4,589
Expenses paid on behalf of the Kadleigh Committee	(4,775)	(5,413)
Unrealised gain	19,646	2,257
	<hr/>	<hr/>
Balance of Fund's assets at 31 August 2005	150,346	130,962
Represented by		
Investments	146,435	130,254
Accrued income	901	832
Money on deposit (Iceberg)	4,255	791
Amounts due to British Homeopathic Association	(1,245)	(915)
	<hr/>	<hr/>
Balance of Fund's assets at 31 August 2005	150,346	130,962

The total funds held as at 31 August 2005 of £150,346 have not been included in the British Homeopathic Association's accounts.

The British Homeopathic Association has paid £4,775 expenses on behalf of the Kadleigh committee of which £1,245 is outstanding as at 31 August 2005 and is included within debtors in the accounts of the William Kadleigh Memorial Fund.

BRITISH HOMEOPATHIC ASSOCIATION

Report of the trustees for the year ended 31 August 2005 (*continued*)

Hahnemann House Trust

The British Homeopathic Association is the trustee of the Hahnemann House Trust (Registered Charity No 252702).

The financial statements of Hahnemann House Trust are not consolidated with those of the British Homeopathic Association.

Statement of trustees' responsibilities

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and group and of the surplus or deficit of the group for that period. In doing so the trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees

The trustees are also directors for the purposes of the Companies Act 1985.

The method of appointment of trustees is contained in the governing documents. Trustees are also members of the British Homeopathic Association Council and simultaneously guarantee members of the company.

Three new trustees were appointed during the year. Both attended an induction meeting and received a comprehensive overview of the charity, its work and governance.

The names of those trustees who served during the year are listed on the contents page.

No trustee had any financial interest in the British Homeopathic Association. No trustee has received any remuneration, aside from out-of-pocket expenses, from the British Homeopathic Association during the year.

Results

Net movement on funds was £210,037 (2004: £64,076).

The total reserves of the British Homeopathic Association (including the permanent endowments) stand at £1,088,702 (2004: £878,665).

BRITISH HOMEOPATHIC ASSOCIATION

Report of the trustees for the year ended 31 August 2005 (*continued*)

Objects and activities during the year

Principal activities

The principal objects of the charity are to promote and develop the study and practice of homeopathy and to advance education and research in the theory and practice of homeopathy provided that the useful results of such research shall be published.

The British Homeopathic Association's overall priority is to ensure that there is more homeopathy in the national healthcare system by means of:

1. Providing information about homeopathy
2. Developing the evidence base for homeopathy
3. Encouraging the education and training in homeopathy of healthcare professionals
4. Ensuring patients have access to homeopathy
5. Fundraising to support all of the above.

1. Providing information about homeopathy

By informing people about homeopathy and its possible benefits, awareness of the valuable potential of this safe, gentle approach to health will increase, enabling more people to access treatment when it is appropriate for them. The BHA, through its close working relationship with the Faculty of Homeopathy, is ideally placed to provide authoritative and evidence-based information to the public.

Aims

1. Ensure the public information service is efficient and effective
2. Increase the number of favourable mentions of homeopathy in the media and inclusion of BHA contact details
3. Provide quality and timely responses to media requests
4. Improve the website so that it is more user-friendly
5. Ensure up-to-date practitioner information is widely available
6. Use opportunities such as the 250th anniversary of Samuel Hahnemann's birth and Homeopathy Awareness Week to promote homeopathy
7. Recruit more BHA Friends
8. Continue to publish four issues of *Health & Homeopathy* a year and seek to move to colour printing at no extra cost
9. Ensure the future of the Burford Library

Achievements and Performance – providing information about homeopathy

The BHA provides information to over 100,000 people a year. Great care is taken to ensure that this information is accurate and evidence-based – much of it is written by members of the Faculty of Homeopathy, healthcare professionals qualified in homeopathy. Over recent years the information service has become more internet-based though we receive many enquiries by phone or letter each day.

All our in-house information sheets were reviewed and updated during the year. The NHS leaflet was re-written in order to bring it up-to-date with changes in the NHS and has an attractive new design. A new leaflet for animal owners and a fuller guide for vets were produced.

Requests for information packs are dealt with within 24 hours and unsolicited feedback from users has been positive.

A total of 527 articles or stories about or mentioning homeopathy appeared in the press during the year (an increase of around 15 per cent over the previous year). Of these, 11 per cent gave the BHA or Faculty's contact details, a decrease of 7 per cent.

This year has been unusual with a plethora of negative articles being published – the 250th anniversary of Hahnemann's birth prompted a few critical articles and a study published by the *Lancet* which claimed to prove that homeopathy is no better than placebo generated a large amount of coverage throughout the media.

For part of the year we were without a media officer and although we continued to respond to negative and inaccurate articles, there was less proactive media work being done for part of the year. This has now been rectified and it is hoped that the balance will start to shift.

Friday 26 August tested the Association's ability to respond quickly to media events. This was the day of the *Lancet*'s publication of its "placebo" study. The BHA fielded a constant stream of media calls and provided eight Faculty commentators to national TV and radio, local press and media throughout the UK. The BHA also emailed a statement refuting the conclusions of the study at lunchtime the same day and posted this statement on its website by 5.00pm.

During the rest of the year, the majority of media requests were met promptly through the Faculty's network of members with media experience.

A new home page was added to the website to make it easier to navigate. This includes a new bulletin board which is updated regularly and allows topical news and comment to be posted within hours. Visitors to the site average 8,000 a month through the year with the practitioner search facility being the most popular section.

The practitioner search facility on the website is updated quarterly and the printed directory at least once a year. These now include doctors, dentists, pharmacists, podiatrists, nurses and vets qualified in homeopathy with clear and detailed descriptions of the qualifications held.

The Association celebrated the 250th anniversary of Samuel Hahnemann with a one-day event at the newly refurbished (but then not quite completed) Royal London Homeopathic Hospital on Saturday 9 April. 100 Friends and their guests listened to talks by Drs David Spence, Sara Eames and Peter Fisher and vet Francis Hunter. The Association also loaned several items of furniture from the Hahnemann House collection to the town of Koethen in Germany, where Hahnemann lived for 16 years.

Media coverage of the anniversary was mixed with the *Daily Mail* and *Guardian* in particular using the occasion as an opportunity to de-bunk homeopathy.

The Association distributed over 8,000 posters and flyers to Friends for display during Homeopathy Awareness Week in June and the Association was represented at the National Cat Show at Olympia by Mrs Enid Segall and Mr Francis Hunter.

Recruitment of new Friends has not increased as had been hoped (121 instead of the targeted 500). We are extremely grateful for the continuing support of our Friends and continue to seek ways of attracting new Friends. A new initiative to build the supporter base by communicating regularly with enquirers through the website using an electronic newsletter - *BHA Bytes* - was launched in October.

A re-design of *Health & Homeopathy* magazine was undertaken during the quiet summer months to refresh the design and introduce colour throughout. Print costs have been held at their previous rate and thanks to the generosity of the designer, the re-design has not added to costs. The new look *Health & Homeopathy* was published in October.

Work on the long-term loan of the Burford Library was delayed due to the longer than anticipated refurbishment of the RLHH. Discussions are now under way to produce a formal agreement for the loan and it is hoped that the Library will re-open in 2006.

2. Developing the evidence base for homeopathy

The Department of Health has confirmed that decisions about funding homeopathy should be made by local NHS organisations on the basis of local priorities and the evidence base for homeopathy. For more patients to gain access to homeopathy, homeopathy must be able to convince decision-makers of its effectiveness.

Aims:

1. Improve and encourage research awareness skills amongst Faculty members
2. Support the development of research activity/dialogue by establishing research groups and networks
3. Sustain professional advice and support services for Faculty members
4. Identify and attract new sources of funding for homeopathic research and for the Research Development Adviser's post
5. Carry out initial phases of study on atopic eczema in collaboration with the University of Nottingham
6. Research and explain the existing evidence base for homeopathy
7. Explore and explain the research methods and outcome measures applicable in homeopathy
8. Develop the research section of the BHA website
9. Identify new opportunities for collaboration with conventional medical researchers and agencies
10. Establish systematic data collection in homeopathic practice
11. Develop a plan for collecting and analysing PACT data

Achievements and Performance – developing the evidence base

The state of the evidence base for homeopathy is one of the most controversial areas aired in the media, largely because of the current supremacy of the randomised controlled trial (RCT) which is a type of research that is not compatible with the individualised approach of homeopathy. The BHA's strategy is to work with practitioners to engage more of them in research which has been properly designed to allow a more accurate and appropriate assessment to be made. Until there is a wider consensus about the evidence base, homeopathy will not be more widely accepted in the NHS with the result that patients who could benefit are denied access to treatment.

During the year eight Faculty members attended a research methods course organised by the BHA's Research Development Adviser, Dr Robert Mathie, taking the total since the courses were launched to 110. In spite of this, continuing efforts to establish research-active groups have not yet borne fruit though there is a growing number of Faculty members who make use of the professional advice and support services provided by Dr Mathie. A number of individuals are laying plans for research or practice-based audit and five members have had, or are about to have, full research papers published.

The efforts of the Homeopathic Research Committee (HRC) to attract new sources of funding for homeopathic research and for the Research Development Adviser's post have had mixed results. A small grant was received from the Carnegie Trust to enable a postal survey of Faculty members about their treatment of gynaecological problems. Funding proposals for the research in atopic eczema (in collaboration with the University of Nottingham) were unsuccessful which has delayed the start of that project. A re-submission will be made in 2006 to the National Institute of Health in the US. We are however very grateful that 20 per cent of the Research Development Adviser's salary costs are paid by a grant from the Mitra Charitable Trust for three years.

Dr Mathie continues his work researching and explaining the existing evidence base for homeopathy and the research methods and outcome measures applicable to homeopathy. He has contributed to the World Health Organisation's forthcoming Report on Homeopathy and has launched an HRC initiative to convene an international consensus group of experts whose aims are to discuss and recommend improvements to clinical trial design in homeopathy. Dr Mathie has presented reviews of the current research evidence base at academic meetings in Luton, Leicester and Glasgow. In addition, an editorial was published in *Homeopathy* (the journal of the Faculty of Homeopathy), a rapid response letter on the *British Medical Journal's* website, and a detailed analysis of the flaws in the *Lancet* study was posted on the BHA's website. The research section of the BHA website has also been re-written and went live in April. This is now a valuable resource for journalists and it has been quoted in several publications including *Occupational Health*.

Steady progress is being made in collaborations with Birmingham and Napier universities, and a new initiative is being developed with researchers at the University of Bristol Veterinary School to study homeopathy for atopic dermatitis in dogs.

Three pilot data collection studies have been completed and analysed in medical, veterinary and dental homeopathy. The results of these demonstrate that it should be possible to extend the project to include larger numbers of participants and that the data produced will help inform future research. Dr Mathie is currently writing up these studies for publication, and is presenting the medical and veterinary studies at the RLHH's biannual research conference in January 2006.

One of our aims was to design a means of collecting and analysing PACT data. This is prescribing data from NHS prescriptions which could potentially be very useful in demonstrating lower prescribing costs among homeopathically trained GPs. However, it is an extremely complex area and progress is slow.

3. Encouraging the education and training in homeopathy of healthcare professionals

The BHA supports the Faculty of Homeopathy in its work to increase the number of healthcare professionals trained in homeopathy. This work is essential as the BHA believes that a doctor or other health professional trained in homeopathy is best placed to offer patients integrated care, using homeopathy when it is most appropriate and liaising with patients' GPs and specialists, rather than patients feeling that homeopathy is something they cannot discuss with their GP.

Aims:

1. Increase the number of health professionals gaining the Faculty's MFHom and DFHom qualifications
2. Expand learning opportunities for statutorily registered healthcare practitioners (SRHPs)
3. Develop opportunities in undergraduate education
4. Maintain academic and membership standards through Continuing Professional Development

Achievements and Performance – encouraging education and training

The BHA does not carry out educational work itself but supports the work of the Faculty of Homeopathy in setting and maintaining standards for healthcare professionals to train in and practise homeopathy.

There were 15 new MFHoms and 14 Vet MFHoms during the year, almost exactly the same as the previous year. Plans to develop MFHom level training for dentists and midwives have been delayed though the progress already made means that doctors, nurses, pharmacists and vets can train to MFHom level.

One of the ways to increase the number of homeopathically trained healthcare professionals is to expand the accredited training opportunities available. A major step in this direction is the launch of new post-graduate modules in homeopathy at Luton University and at Robert Gordon University in Aberdeen in 2006. There have also been preliminary discussions with the new Bedfordshire and Hertfordshire Postgraduate Medical School.

Introducing health professionals to homeopathy before they have qualified is also extremely important. The BHA-funded Senior Clinical Lecturer post at Liverpool University's medical school has just completed its third year. Homeopathy is now fully integrated in the undergraduate curriculum and many students have taken a Special Study Module (SSM) in homeopathy. SSMs have also continued to be run at Birmingham, Glasgow, Southampton and a number of other medical schools.

Nowadays it is essential for all professions to maintain standards through Continuing Professional Development (CPD). The Faculty has clear CPD requirements for all its members and during the year conducted the first check that its members are fulfilling these. The first batch of 300 members' CPD records have been reviewed and assessed in 2005 and this process will continue each year with different groups of members.

4. Ensuring patients have access to homeopathy

The BHA wishes to see homeopathy fully available throughout primary and secondary care for all who could benefit from it.

Aims:

1. Increase the number of NHS primary care homeopathy services
2. Respond as appropriate to research publications that could have a damaging impact
3. Support private practitioners
4. Ensure the continuity of secondary care homeopathy services by having succession plans in place for homeopathic consultant posts
5. Achieve the growth of specialist nurse practitioners in homeopathy
6. Make progress towards specialist accreditation

Achievements and performance – ensuring access

Far too many patients still find it impossible to gain access to homeopathic treatment in the NHS. One simple and cost-effective way of achieving this is through an expansion of primary care services such as specialist homeopathy clinics. Our aim to increase the number of NHS primary care services has not been fulfilled this year and no new services have been created. The BHA-funded pilot clinics in Didcot and Huntingdon have come to the end of their three-year funding and have not yet managed to secure NHS funding. The restructuring of Primary Care Trusts in England means that little is likely to happen until after April 2006. Discussions about possible new services have also been held with Luton and Rugby PCTs but have suffered a delay for the same reasons.

One service in south Yorkshire (Mexborough) was lost when one of the doctors running the clinic moved away from the area.

Misleading or poor research can affect the way funders view homeopathy and whenever such research is published, the BHA seeks to limit the damage by making a formal response. During the year several such responses have been needed, most notably to the *Lancet* study. The overall aim is to prevent homeopathic services in the NHS being cut as a result. It is too early to tell the impact of the *Lancet* study but responses have been sent to the National Institute for Health and Clinical Excellence and to Patricia Hewitt, secretary of state for health.

Earlier in the year, supporters of Glasgow Homeopathic Hospital saved the in-patient service from the threat of closure thanks to a vigorous and high-profile campaign in the Scottish press and gaining the support of a large number of MSPs. A pre-emptive campaign to ensure the continuation of the Bromley clinic succeeded in preventing the clinic from being closed. Patients and their GPs wrote letters to the PCT in support of the clinic.

For those who can afford to pay for homeopathic treatment, we need to ensure that we can provide accurate and helpful information about suitable practitioners locally. Our practitioner directory is updated regularly in both print and electronic form.

A future threat to secondary care homeopathic services is the succession of consultants. Homeopathy is not recognised as a medical specialty and so the existing pool of homeopathic consultants can only be expanded by gaining recognition of Faculty members as homeopathic specialists or by encouraging existing consultants from other specialties to train in homeopathy. We are endeavouring to do both in order to ensure succession of key posts in the homeopathic hospitals.

We are also keen to take advantage of the changes in nursing which allow nurses to expand their skills and become nurse practitioners. This has the potential to bring into homeopathy a previously untapped resource of existing health professionals. The Nurse Dean of the Faculty of Homeopathy is actively engaged in discussions with the appropriate bodies to open the door to nurses wishing to pursue this opportunity. At present there are eight MFHom nurses and some of these are finding it difficult to find suitable employment in the NHS using their homeopathic skills.

5. Fundraising to support our aims

In order to fund its work the BHA needs to find new sources of income and ensure that it works efficiently and cost-effectively. Our overall aim is to raise funds from individuals and trusts in order to reduce our dependence on legacies which are unpredictable. However, the fundraising climate for charities is extremely competitive.

While funds raised from donors, trusts and Friends remained buoyant, they did not show an increase on the previous year. This was partly due to the fact that the BHA no longer has a full-time fundraiser and partly because there is fierce competition among charities for funds.

Friends' donations came to £59,828 (£57,071 in 2004) and there were also donations totalling £56,751 (£110,141 in 2004), including substantial grants from the Mitra Charitable Trust for research, Nelson-bach and the Barcapel Foundation for bursaries and the Garfield Weston Foundation for the Senior Clinical Lecturer post at Liverpool University.

Legacies remained our main source of income with £243,349 received during the year from the estates of Mrs Ivy Eileen Broadbent, Mrs Janet Marie Bye, Mrs Lydia Cutner, Mrs Mabel Thelma Mary Done, Mrs Sheila Barbara Perigal, Mrs Violet Ethel Smillie and Mrs Renee Nellie Woods. The trustees are extremely grateful to each of these generous benefactors.

Although further legacy income is expected during the coming year, fundraising efforts will continue in order to enable the BHA to diversify its income and expand its work.

Corporate

Since moving to Luton, the BHA has managed to reduce its running costs dramatically. The Association is now fully established and has recruited three new trustees from the local community. Links with the Primary Care Trust and university are being developed and as staff who came with us from Clerkenwell have gradually moved on, we have been fortunate to recruit a number of excellent staff locally.

The Joint Working Group (with two representatives from the BHA and two from the Faculty) has not needed to meet during the year as the financial situation has been more stable. The trustees and staff held a brainstorming day in December to identify new projects that could be taken on and these are now part of our plan for the coming year.

The Faculty of Homeopathy

Much of the Association's work is inextricably linked with the Faculty of Homeopathy, whose members support the BHA by providing their professional expertise. The Faculty is the only professional body that represents statutorily registered homeopathic practitioners – doctors, dentists, nurses and midwives, pharmacists, podiatrists and vets qualified in homeopathy. It ensures the highest standards of homeopathic training, education and practice and has over 1,400 members who find the quality of their patient care and professional satisfaction have been improved by learning about and using homeopathy in their daily work. It is also the leading

BRITISH HOMEOPATHIC ASSOCIATION

Report of the trustees for the year ended 31 August 2005 (*continued*)

authority on homeopathic medicine, working to convince government, the medical establishment and decision-makers of the need for homeopathy to be fully integrated in healthcare systems in the UK and around the world.

Future developments

The Association will continue its work in its four key areas of activity – information, access, research and training together with fundraising. The improved financial position and prospect of further legacy income during the year is encouraging and the trustees have agreed to allocate an additional sum of money over the next three years from the reserves to fund a suitable new project or expansion of existing work. Expenditure continues to be monitored closely.

Key aims during the year are to re-design the website to maximise its impact and increase the number of visitors. Included in this are plans to build communications, via our electronic newsletter BHA Bytes, with those who contact us through the website to give us a much broader support base. We will also develop a communications plan to increase the level of our proactive media work. We will continue to promote wider access to homeopathy in the NHS through our aim to establish new primary care clinics and hope to secure funding for the research project in atopic eczema which may also include a parallel project in veterinary homeopathy.

Corporate governance

The trustees, acting as the Council for the BHA, meet four times a year to consider the performance of the British Homeopathic Association against its business plan, to consider matters specifically reserved for their attention as laid down in the governing documents and to direct the executive officers of the Association as they consider appropriate.

A small grouping of the trustees act to advise Council on financial matters, including the appointment of financial advisers and guidance on financial controls. One of these attends the Luton office, prior to each Council meeting, to offer counsel in the preparation and presentation of accounting information.

Matters relating to the highly specialised field of research are delegated to the Homeopathic Research Committee, a properly constituted sub-Committee. This sub-Committee formally reports its actions to the trustees annually and provides written updates at more regular intervals.

In addition, the executive officers of the British Homeopathic Association meet regularly to discuss and implement strategic issues as directed by the trustees and to monitor and control the performance of the charity on the authority delegated by the trustees.

Reserves policy

The charity relies on fully funding its planned level of activities from either legacies and donations or retained reserves. Since legacy income, which is the Association's main source of income, is very unpredictable in both amount and timing, the trustees have formed the view that it would be prudent to maintain reserves at a level which would support the activities of the charity projected three to five years forward.

The charity determines an operating deficit by deducting sustainable income from the cost of its planned activities level for a three to five year period. It ensures that sufficient reserves are retained by the charity to meet this operating deficit. In this way planned increases or enforced decreases in activity levels can be managed smoothly.

BRITISH HOMEOPATHIC ASSOCIATION

Report of the trustees for the year ended 31 August 2005 (*continued*)

The forecast operating deficit for the next three to five years is £640,000 - £1,055,000 and so the trustees would be looking to a level of free reserves in the range of £650,000 - £1,000,000. The level of free reserves at the end of 2005 was £838,550.

The trustees review reserve levels quarterly and may action activity levels if the free reserve position warrants such action. At the same time the trustees are aware of the need to develop sustainable sources of income other than legacies and are actively seeking these.

Investment policy

The trustees have established an Investment Policy appropriate to the needs of the charity. Consequently investments have been made through a variety of short and medium funds managed by fund managers, Carr Sheppards Crosthwaite (now Rensburg Sheppards).

Grant making policy

The BHA reviewed its grant-making procedures in 2000 and has a clear policy and application form. All grants currently being made conform to the criteria outlined in the policy. However, financial circumstances mean that the Association is not encouraging grant applications at present.

Risk management

The Association conducted its first assessment of the major strategic, business and operational risks facing it in 2001 and implemented systems to mitigate those risks. A complete review of both the risks and mitigating actions needed was conducted during 2005 and in addition, key risks are reviewed at each trustees' meeting.

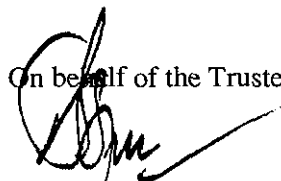
Employees

The Association is working towards equal opportunities. Conditions of employment are set out in the Staff Handbook.

Auditors

The Trustees reappointed Kingston Smith to act as its auditors at its AGM in April 2005. This completes the agreed three-year appointment and there will be a review before the next AGM.

On behalf of the Trustees



Dr David Spence
Chairman

6th April 2006

BRITISH HOMEOPATHIC ASSOCIATION

Report of the Independent Auditors

To the Members of British Homeopathic Association

We have audited the financial statements of the British Homeopathic Association for the year ended 31 August 2005 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared under the historical cost convention, modified for the revaluation of investment assets, and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The trustees' (who are also the directors of the British Homeopathic Association for the purposes of company law) responsibilities for preparing Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

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

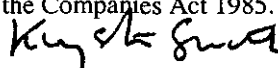
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity as at 31 August 2005 and of the incoming resources and application of resources, including the income and expenditure, of the charity for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

105 St Peter's Street
St Albans
Hertfordshire AL1 3EJ

Date: 6th April 2006


Kingston Smith
Chartered Accountants
& Registered Auditors

BRITISH HOMEOPATHIC ASSOCIATION

Statement of financial activities for the year ended 31 August 2005

	Note	Unrestricted Funds £	Restricted Funds £	Permanent Endowment Fund £	Total 2005 £	Total 2004 £
Incoming resources						
<i>Activities in furtherance of the charity's objectives</i>						
Donations and gifts	3	1,760	54,955	-	56,715	110,141
Friends donations		59,828	-	-	59,828	57,071
Legacies		243,349	-	-	243,349	231,063
Gifts in kind		1,200	-	-	1,200	1,452
Other income		19,769	-	-	19,769	9,057
<i>Activities for generating funds</i>						
Royalties		1,473	-	-	1,473	973
<i>Investment income</i>	4	<u>45,992</u>	<u>7,751</u>	<u>1,254</u>	<u>54,997</u>	<u>46,488</u>
Total incoming resources		<u>373,371</u>	<u>62,706</u>	<u>1,254</u>	<u>437,331</u>	<u>456,245</u>
Resources expended						
<i>Cost of generating funds</i>						
Fundraising and publicity	6	3,030	-	-	3,030	2,936
<i>Direct Charitable Expenditure</i>						
Training of healthcare professionals		80,680	45,204	-	125,884	126,518
Provision of information		90,042	2,350	-	92,392	111,244
Increasing public access		26,109	2,351	-	28,460	40,393
Research development		38,836	26,404	-	65,240	72,895
Management and administration		28,306	2,000	-	30,306	104,030
	6	<u>263,973</u>	<u>78,309</u>	<u>-</u>	<u>342,282</u>	<u>455,080</u>
Total resources expended		<u>267,003</u>	<u>78,309</u>	<u>-</u>	<u>345,312</u>	<u>458,016</u>
Net incoming/(outgoing) resources before revaluation of investments						
		106,368	(15,603)	1,254	92,019	(1,771)
Gains on investments	9	67,148	5,297	20,573	93,018	40,847
Transfer of funds		(25,567)	-	25,567	-	-
Net incoming/(outgoing) resources		<u>147,949</u>	<u>(10,306)</u>	<u>47,394</u>	<u>185,037</u>	<u>39,076</u>
Liverpool University Grant Provision release		25,000	-	-	25,000	25,000
Net movements in funds		<u>172,949</u>	<u>(10,306)</u>	<u>47,394</u>	<u>210,037</u>	<u>64,076</u>
Fund balances brought forward at 1 September 2004		<u>665,601</u>	<u>83,401</u>	<u>129,663</u>	<u>878,665</u>	<u>814,589</u>
Fund balances carried forward at 31 August 2005	14	<u>838,550</u>	<u>73,095</u>	<u>177,057</u>	<u>1,088,702</u>	<u>878,665</u>

The notes on pages 17 to 27 form part of these financial statements

BRITISH HOMEOPATHIC ASSOCIATION

Summary income and expenditure account for the year ended 31 August 2005

	2005 £	2004 £
Gross income from continuing operations (Excludes Endowment)	436,077	456,245
Total income of continuing operations	436,077	456,245
Total expenditure of continuing operations	(345,312)	(458,016)
Net Income/(Expenditure) before transfers and gains	90,765	(1,771)
Transfers between funds	(25,567)	-
Net gains on fixed asset investments	72,445	35,073
Net Income	137,643	33,302
Liverpool University Grant Provision Release	25,000	25,000
Net Movement in Funds	162,643	58,302

Total income comprises £373,371 (2004: £354,251) for unrestricted funds and £62,706 (2004: £101,994) for restricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities.

Detailed analysis of the expenditure is provided in the Statement of Financial Activities and the notes.

Total expenditure for the year was £345,312 (2004: £458,016) comprising £267,003 (2004: £320,526) of unrestricted funds and £78,309 (2004: £137,490) expenditure of restricted funds, as shown in the Statement of Financial Activities.

The Summary Income and Expenditure account is derived from the Statement of Financial Activities which together with the notes to the accounts provides full information on the movements during the year on all the funds of the charity.

The income and expenditure account includes all gains and losses recognised in the year.

All activities relate to continuing activities.

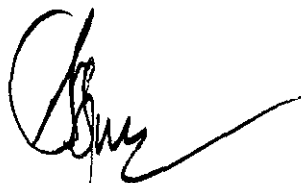
The notes on pages 17 to 27 form part of these financial statements.

BRITISH HOMEOPATHIC ASSOCIATION

Balance sheet as at 31 August 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	311	7,329
Investments	9	867,556	767,527
		<hr/>	<hr/>
		867,867	774,856
Current assets			
Debtors	10	54,502	13,080
Cash at bank and in hand	11	296,724	299,183
		<hr/>	<hr/>
		351,226	312,263
Creditors: amounts falling due within one year	12	30,391	83,454
		<hr/>	<hr/>
Net current assets		320,835	228,809
		<hr/>	<hr/>
Total assets less current liabilities		1,188,702	1,003,665
Provision for liabilities & charges	13	(100,000)	(125,000)
		<hr/>	<hr/>
Total Net assets		1,088,702	878,665
		<hr/>	<hr/>
Income funds			
Unrestricted funds		838,550	665,601
Restricted funds		73,095	83,401
Permanent Endowments		177,057	129,663
		<hr/>	<hr/>
	14	1,088,702	878,665
		<hr/>	<hr/>

The financial statements were approved by the Board on 06/04/06 and signed on its behalf by:



Dr David Spence
Chairman

The notes on pages 17 to 27 form part of these financial statements.

1 Accounting policies

Accounting policies have remained unchanged from the previous year.

Basis of preparation.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and are in accordance with (i) applicable accounting standards and (ii) the 2000 Charities Accounting Statement of Recommended Practice (SORP) and (iii) Companies Acts 1985.

Income

Income from subscriptions, donations and legacies are included in the financial statements on a receipt basis. All other income is accounted on an accruals basis.

Resources expended

Expenditure is accounted for on an accruals basis. Charitable expenditure includes the direct costs of planning, staffing and operating activities.

Fundraising and publicity expenditure consists of a proportion of staff costs.

Management and administration expenditure consists of the statutory and organisational costs of operating as a charitable company.

Tangible fixed assets

Tangible fixed costs with a value of £500 or more are capitalised.

Fund accounting

General funds are available for use at the discretion of the trustees in pursuing the general charitable objectives of the charity and which have not been designated for other purposes.

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

Restricted funds are created when funds (whether income or capital in nature) are given to, or raised by, the charity for use in a particular area or for a specific purpose only.

Endowment Funds

These are assets which must be held permanently by the British Homeopathic Association. The changes to the value of the fund are reflected in the SOFA as unrealised gains or losses.

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

Accounting policies (*Continued*)

Gifts in kind

The Association includes individual gifts in kind where these are worth in excess of £500. The only gift in kind this year had a value of £1,200 for the printing of the Practitioners Directory.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Office equipment, fixtures and equipment	-	10% or 25% reducing balance
Computer equipment	-	25%
Council regalia	-	10 years
Educational equipment	-	25%

Investments

Investments are shown at market value. The unrealised movement in market value from one year to another is taken to the appropriate fund. The market value of investments is determined by reference to stock exchange prices at the balance sheet date. Gains or losses arising during the year are disclosed in the Statement of Financial Activities (SOFA).

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial resources.

Taxation status

The Association as a registered charity does not incur corporation tax and reclaims any tax suffered on investment income.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund during the year.

Emoluments

The Council Members who are the directors of the company do not receive emoluments for their services nor do contracts of services exist between the council members and the company.

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

2 Resources expended

Resources expended are stated after charging:

	2005	2004
	£	£
Depreciation of tangible fixed assets	250	2,258
Auditors' remuneration	6,463	6,463
Pension costs	5,144	5,001

3 Donations received

	Unrestricted	Restricted	2005	2004
	£	£	£	£
Honyman Gillespie Fund	1,000	-	1,000	19,604
Garfield Weston (for the Liverpool post)	-	25,000	25,000	-
Mitra Charitable Trust	-	9,955	9,955	-
Nelsonbach/Barcapel Foundation	-	20,000	20,000	25,000
GP Guide Project	-	-	-	24,744
Other	760	-	760	40,793
Total incoming resources	1,760	54,955	56,715	110,141

4 Investment income

	2005	2004
	£	£
Rental income	10,000	10,000
Dividend and interest on investments	44,997	36,488
	54,997	46,488

5 Gifts in kind

	2005	2004
	£	£
Printing of the Practitioners Directory	1,200	1,452

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

6 Analysis of total resources expended

	Direct Costs	Deprec- -iation	Staff costs	Grants Payable (see below)	Other	2005 Total	2004 Total
	£	£	£	£	£	£	£
Cost of generating funds							
Fundraising and publicity	1,083	3	1,416	-	528	3,030	2,936
	1,083	3	1,416	-	528	3,030	2,936
Direct Charitable expenditure							
Training of healthcare professionals	-	-	-	125,884	-	125,884	126,518
Provision of information	34,022	87	41,946	200	16,137	92,392	111,244
Increasing public access	2,448	38	18,577	250	7,147	28,460	40,393
Research development	11,147	81	39,006	-	15,006	65,240	72,895
Management and Administration	2,388	41	20,132	-	7,745	30,306	104,030
	50,005	247	119,661	126,334	46,035	342,282	455,080
Liverpool University provision release	(25,000)	-	-	-	-	(25,000)	(25,000)
Total resources expended	26,088	250	121,077	126,334	46,563	320,312	430,080

Grants payable

	2005 £	2004 £
Funding of The Faculty of Homeopathy's educational work	65,000	63,000
Local homeopathic clinics	900	15,000
Liverpool University Medical School Senior Clinical Lecturer's post	50,164	50,088
Nelson Barcapel bursaries	9,820	13,430
Small grants	450	-
	126,334	141,518

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

7 Staff costs

	2005 £	2004 £
Wages and salaries	105,704	119,679
Social security costs	10,229	12,493
Other pension costs	5,144	5,001
	<u>121,077</u>	<u>137,173</u>

The average monthly number of employees (including casual and part time staff) during the year was made up as follows:

	2005 Number	2004 Number
Direct charitable activities	<u>6</u>	<u>5</u>

The trustees received no emoluments. However, all trustees had travel expenses to and from Trustees' meetings reimbursed totalling £2,833 (2004: £1,304) during the year.

No employee earned over £50,000 per annum in the year. Aggregate salary costs for the British Homeopathic Association and The Faculty of Homeopathy amounted to £243,175 of which £122,098 has been re-charged to The Faculty of Homeopathy, leaving £121,077 charged to the British Homeopathic Association as set out above.

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

8 Tangible fixed assets

	Office equipment, fixtures and equipment £	Computer equipment £	Council regalia £	Total £
<i>Cost</i>				
At 1 September 2004	68,109	66,077	4,563	138,749
Disposals in year	(68,109)	(65,515)	(4,563)	(138,187)
As at 31 August 2005	-	562	-	562
<i>Depreciation</i>				
At 1 September 2004	61,341	65,516	4,563	131,420
Charge for the year	-	250	-	250
Disposals in year	(61,341)	(65,515)	(4,563)	(131,419)
At 31 August 2005	-	251	-	251
<i>Net book value</i>				
At 31 August 2005	-	311	-	311
At 31 August 2004	6,768	561	-	7,329

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

9 Fixed asset investments

	2005	2004
	£	£
Market value		
At 1 September 2004	767,527	919,238
Acquisitions	160,353	54,489
Disposals	(153,342)	(247,047)
Unrealised gains on revaluation	93,018	40,847
	<hr/>	<hr/>
At 31 August 2005	867,556	767,527
	<hr/>	<hr/>
Split of Market value	2005	2004
	£	£
Investments listed on a recognised stock exchange		
UK fixed interest	164,042	179,904
UK equities	595,798	496,646
Overseas equities	107,716	89,490
	<hr/>	<hr/>
	867,556	766,040
Investments not listed on a recognised stock exchange	-	1,487
	<hr/>	<hr/>
Total	867,556	767,527
	<hr/>	<hr/>
Historical Cost	2005	2004
	£	£
At 1 September 2004	679,031	844,602
Acquisitions	160,353	54,489
Disposals	(106,652)	(220,060)
	<hr/>	<hr/>
At 31 August 2005	732,732	679,031
	<hr/>	<hr/>
Investments greater than 5% of portfolio:		
Fledgeling Charity Bond Fund	£72,372	£172,044
Fledgeling Charity UK Equity	£207,334	£39,828

10 Debtors

	2005	2004
	£	£
Debtors	92	87
Prepayments and accrued income	22,064	9,316
Related party debtors	32,346	3,677
	<hr/>	<hr/>
	54,502	13,080
	<hr/>	<hr/>

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

11	Cash at bank and in hand	2005	2004
		£	£
	Held by the British Homeopathic Association	26,085	235,596
	Held by the fund managers	270,639	63,587
		<hr/>	<hr/>
		296,724	299,183
		<hr/>	<hr/>
12	Creditors: amounts falling due within one year	2005	2004
		£	£
	Other creditors	20,561	5,003
	Accruals and deferred income	9,830	21,651
	Amount due to related party	-	56,800
		<hr/>	<hr/>
		30,391	83,454
		<hr/>	<hr/>
13	Provisions for liabilities and charges	2005	2004
		£	£
	Total provision brought forward	125,000	150,000
	Liverpool University provision written back	(25,000)	(25,000)
		<hr/>	<hr/>
		100,000	125,000
		<hr/>	<hr/>

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

14 Movement in funds

	Balance at 1 st Sep 2004	Incoming	Outgoing resources	Gains/ (losses)/ transfers	Balance at 31st Aug 2005
	£	£	£	£	£
Permanent endowments					
Phillips Memorial Charity (Charity No. 235902)	129,663	-	-	18,264	147,927
Homeopathic Post-Graduate Teaching and Education Fund	-	1,254	-	27,876	29,130
	<u>129,663</u>	<u>1,254</u>	<u>-</u>	<u>46,140</u>	<u>177,057</u>
Restricted					
Veterinary teaching and research fund	21,248	1,042	-	1,919	24,209
Clinics Fund	4,254	(45)	(900)	285	3,594
John Ede Fund	3,672	64	-	-	3,736
Liverpool University Senior Lecturer's Fund	9,484	25,000	(34,484)	-	-
Mitra Charitable Trust	8,130	10,360	(9,834)	745	9,401
General Research Fund	16,570	-	(16,570)	-	-
Nelson Barcapel Fund	10,580	20,920	(11,820)	1,694	21,374
Phillips Memorial Charity (income)	-	4,701	(4,701)	-	-
Mervyn Madge Fund	9,463	664	-	654	10,781
	<u>83,401</u>	<u>62,706</u>	<u>(78,309)</u>	<u>5,297</u>	<u>73,095</u>
Unrestricted					
General	<u>665,601</u>	<u>373,371</u>	<u>(267,003)</u>	<u>66,581</u>	<u>838,550</u>
	<u>878,665</u>	<u>437,331</u>	<u>(345,312)</u>	<u>118,018</u>	<u>1,088,702</u>

The Veterinary Teaching and Research Fund is for research into veterinary homeopathy

The Clinics Fund is for homeopathic clinics

The John Ede Fund is for travel bursaries for doctors and pharmacists to attend conferences and seminars abroad.

The Liverpool University Senior Lecturer's Fund is for Dr Martien Brand's post in the Department of Primary Care at Liverpool University. The BHA has made a provision of £100,000 to cover any shortfall in funds raised for the remaining two years of the post.

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

Movement in funds (continued)

The Mitra Charitable Trust Fund is for 20 per cent of the Research Development Adviser's salary and for research methods courses

The General Research Fund is for research

The Nelson Barcapel Bursaries/Barcapel Foundation Fund is for the provision of assistance to doctors, dentists and veterinary surgeons studying homeopathy on courses accredited by the Faculty of Homeopathy

The Phillips Memorial Charity (income) is for the promotion of homeopathy.

15 Analysis of net assets

	Unrestricted Funds	Designated funds	Restricted funds	Permanent endowment funds	Total funds
	£	£	£	£	£
Funds balances at 31st August 2005	838,550	-	73,095	177,057	1,088,702
Represented by:					
Tangible fixed assets	311	-	-	-	311
Investments	635,259	-	55,240	177,057	867,556
Cash at bank and in hand	278,869	-	17,855	-	296,724
Other net current assets	24,111	-	-	-	24,111
Provision for liabilities	(100,000)	-	-	-	(100,000)
	838,550	-	73,095	177,057	1,088,702

BRITISH HOMEOPATHIC ASSOCIATION

Notes forming part of the financial statements for the year ended 31 August 2005 (*continued*)

16 Related parties

(i) **The Faculty of Homeopathy** is a connected non-profit organisation, which shares certain staff with the British Homeopathic Association and is represented on its Council.

During the year the Faculty was recharged £88,737 of expenses incurred on its behalf and the British Homeopathic Association made a grant of £65,000 to the Faculty.

(ii) **The William Kadleigh Memorial Fund** is an unregistered connected charity whose capital funds are held and managed by the British Homeopathic Association on behalf of the Kadleigh Committee.

17 Future Legacies

As at 31 August 2005, there had been notification of the following legacies: Tom Howlett Bennett and Miss Lydia Scarff (previously notified and still pending).

18 Pension

The British Homeopathic Association contributes to individual defined contribution schemes at the rate of 8% of salary. The pension cost charge represents contributions payable by the British Homeopathic Association to these schemes and amounted to £5,144 (2004: £5,001)

19 Operating leases

Annual commitments under operating leases are as follows:

	2005	2004
Equipment	£	£
Amounts falling due within 1 year:	320	640