British Medical Association

(Company number: 00008848)

BMA Annual Report – Financial Statements for the year ended 31 December 2012

BMA

Council members

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

Anna Athow**
Philip Banfield*
Ian Banks
Carol Basham
Edwin Borman**
Keith Brent*
Laurence Buckman
Kate Bullen**
Stefan Coghlan**
Andrew Collier*
Jonathan Cox
Anthony Calland
Michael Chamberlain
Kailash Chand*
John Chisholm
Mary Church
Peter Dangerfield
Paul Darragh
Shreelata Datta
Jacqueline Davis
Beryl De Souza**
Andrew Dearden
Tom Dolphin
Sam Everington
Jonathan Fielden**
Paul Flynn*
Alex Freeman
Steve Hajioff
Professor David Haslam**
Sara Hedderwick*
Peter Holden*
Professor the Baroness Hollins*
Louise Irvine*
Richard Jarvis
Brian Keighley
Mohib Khan
Andrew Kinmond**
Elizabeth Lee*
Derek Machin
Peter Maguire
Reena Mani
Professor Averil Mansfield
Dean Marshall
Marion Matheson**
Hamish Meldrum**
Beth McCarron-Nash**
Helena McKeown
Paul Miller
Ben Molyneux*
Adam Moreton
Robert Morley*
Lewis Morrison*
Chaand Nagpaul
Clive Peedell
Elly Pilavachi**
Trevor Pickersgill
Mark Porter
George Rae*
Michael Rees
Keith Reid
Alice Rutter*
Will Seligman*
Radhakrishna Shanbhag
Vishal Sharma**
David Snashall**
Mark Temple*
Peter Terry*
Penelope Toff*
Richard Vautrey
Stephen Watkins
Mark Weir*
Frank Wells**
Fay Wilson
Ian Wilson
David Wrigley**

Treasurer's report

I am pleased to be able to report a very good year for the operating finances of the Association There are still some financial challenges which await us and our sector, but we remain well placed to deal with them and continue our mission of defending doctors and promoting the health of the nation

Our total BMA Group income grew by 6 6% to £120 9 million This represents continued strong performance in the prevailing economic conditions and is an increase on the underlying growth of 5 5% reported last year

Income from membership services has grown strongly this year by a fraction under 5%, almost double the growth rate we saw in 2011 This is on the back of a continued trend of growth in membership numbers which grew by 3 1% during the year, and by 300 in the first two months of 2013 alone This was well ahead of the membership development plan and we achieved the 150,000 target set out to be achieved by mid-2013 by August 2012 This demonstrates the continued value members attach to our services, and how we are prepared to defend doctors and there livelihoods, we continue to invest heavily in the provision of an enhanced and relevant offering to the profession

The BMJ Publishing Group has recorded another strong year, reporting continued growth in both sales and operating profits Sales broke through the £70 million barrier for the first time and means that growth since 2008 stands at an impressive 41% The group is expanding and innovating, but operating costs continue to be well controlled so that operating margins remain healthy An operating profit in excess of £10 5m bears testimony to this, and brings the cumulative increase during the same period to 27% These results are despite market declines in a number of legacy areas, and demonstrates that the strategic investment made in new products and services is reaping rewards

Income derived from our Estates performed well during the year Tenancy income held up well despite the challenging economic conditions, with few voids Underlying revenues from events remained steady, but we reaped our own 'Olympic dividend' as we let the bulk of BMA House to a single tenant for the duration of the games These income streams are important source of funding for the Association, and allow us to expand and improve the services we supply to members without major increase in subscriptions

Total expenditure in the year increased by 5 0% which is around 1 5% below top line growth and demonstrates the Associations continued commitment to providing efficient and cost effective services to its members

Total Membership Services expenditure rose by 4 8% over 2012 Operating costs remains under good control despite the significant enhancement to member service offerings and the continued growth in the number of members being served, if one-off costs are excluded the figure for like-for-like cost growth is under 3% This figure also includes investment represented by the redesign of the BMA website - phase one of three separate phases - which came online during 2012 this has been well received, and will continue to be developed and improved during 2013

The Association has continued to make significant contributions to the BMA defined benefit staff pension scheme A recovery plan for funding the deficit on this scheme was put in place following the 2009 triennial valuation The plan calls for additional special contributions of £4 5 million per year until 2014, and the second such payment of £4 5million was made in this respect during the year In addition, the recovery plan included a provision for a further payment of up to £25million being made in 2012 should the accumulated scheme deficit exceed a predetermined level An evaluation of the position fell due at the end of March 2012 and, as a consequence the full amount fell due and was subsequently paid in cash The Association has now contributed £61million in cash into this scheme since 2010 Although the drivers of this valuation are complex, there is little doubt that the largest single component is the future discount rate assumption which has to be used to estimate future scheme liabilities, the effect of the Government's policy of quantitative easing is driving down gilt yields, a key driver in determining this factor The next triennial valuation fell due at the end of March 2012 and, at the time of writing, we are close to agreeing a valuation with the scheme actuaries Despite the significant and continued contributions to the scheme, it is likely that it will still show a deficit, although a reduced one in comparison to the last valuation

Equally confusing is the way we have to report this picture within the statutory accounts Our Income and Expenditure Account is compiled as required by law under the FRS 17 reporting rules Under this methodology, we have to use AA Bond yields as the proxy for future liabilities rather than gilts, and show the scheme deficit as a long term Balance Sheet liability rather than reporting the full contributions through our Income Statement This has the slightly contradictory impact of showing the scheme to be marginally in surplus However, we should remind ourselves that this £3 9million FRS 17 surplus will have no bearing on actuarial valuations (and, by implication, cash payments), and includes the full impact of the cash payments made in the two years before that

Despite the significant erosion of our cash reserves as a consequence of these special pension contributions, the Consolidated Balance Sheet of the Association remains in good health, with net assets in excess of £100million This reflects our strong operational base and a rise in our investment portfolio driven by the 2012 recovery in the stock market Our year end working capital and cash positions are both slightly below where we would normally expect to keep them, but with overall liquid reserves of £18 4 million and positive cash flows to come this has more to do with timing than any operational issue The change to investment strategy made in 2010 means that investment reserves are now managed on a passive basis The change was made to protect the Association from volatility whilst maintaining a well balanced mix of holdings As noted previously, the portfolio has shown good growth and generally performed well against its benchmarks without the fluctuations which characterised it at one time At the end of the year, our General Fund stood at a shade under £86million, this compares favourably with the £71 8 million at which we closed 2011, but still substantially reduced from 2006/7 levels

So in summary, the Association's underlying financial fundamentals remain sound Membership numbers continue to grow and our publishing division continues to go from strength to strength At the same time, we recognise that the current economy and pressures within our sector as a whole will give rise to a number of financial challenges we are alert to this and continue to monitor and act proactively to ensure our long term sustainability and the delivery of relevant, cost effective and high quality services to our membership

Andrew Dearden
Treasurer

Directors' report

Council members each of whom are a director of the Association, present their report and the audited consolidated financial statements of the Association for the year ended 31 December 2012

Principal activities

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

Results

The consolidated net surplus after tax for the year amounted to £4,232,000 (2011 £3,620,000) and this amount has been transferred to the Accumulated Fund

Review of business

The Association monitors its performance by reference to a number of measures, the most significant of which is membership numbers

The Association's current strategic objectives, and its progress towards them, are referred to in other parts of this Annual Report The Association continues to enhance its existing services, and invest in the development of new services This is a major element of managing the risk of a decrease in membership numbers Keeping these at a high level is an important part of maintaining the Association's representativeness, influence and services

Please refer to the Treasurer's Report

Future development

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

Employment matters and information

The Association is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, disability or marital status

The Association gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Association If members of staff become disabled the Association continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary

Employee involvement

The Association systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests Employee involvement in the Association is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Association

The Association encourages the involvement of employee's by means of an internal magazine, notice boards, information bulletins and circulars In addition, regular meetings are held with staff representatives on general and specific matters

Political and charitable donations

The Association made no political donations during the year It made various charitable donations totalling £172,000 (2011 £133,000) £152,000 was donated to medical education and research and £20,000 was donated to the humanitarian support of doctors

BMA House valuation

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

Qualifying third party indemnity provision

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

Independent auditors

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

Disclosure of information to auditors

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

Statement required by the Trade Union and Labour Relations (Consolidation) Act 1992

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

Responsibilities of Council members in respect of financial statements

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business

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

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

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

The Associations registered number is 8848

By order of the Board (Council)
Dr M Porter,
Chairman of Council,
20 March 2013

Report of the Audit Committee for inclusion in the 2012 report of the Directors

Audit Committee's report

During 2012, the Audit Committee comprised the following members Tim Holmes (Chairman), Peter Terry, Fay Wilson, Peter Hawker and Stuart Cruickshank

In addition, the Treasurer, Andrew Dearden, Chief Executive/Secretary, Tony Bourne, Finance Director, Keith Ward, and Chairman of the Board of the BMJ Group, Michael Chamberlain, 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 2012 and its agendas are designed to enable it to meet the requirements of its terms of reference, including

Integrity of financial reporting

The Committee receives regular reports from the Finance Director and the Treasurer regarding the financial performance, systems and processes operating within the BMA and its subsidiary company, the BMJ Publishing Group Ltd The Committee considers the annual directors' report and financial statements and recommends their approval to Council The Audit Committee obtained sufficient assurance that the integrity of the Association's financial reporting was maintained during 2012

External Auditors

The Committee receives regular reports from the external auditors throughout the year The Committee is responsible for approving the proposed audit strategy, for agreeing the schedule of audit fees and for receiving the auditors' final report at the conclusion of their audit work In addition, the Committee continues to ensure independence and objectivity of the external auditors by

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

Governance and management process

The Audit Committee is responsible for monitoring the ongoing effectiveness of the BMA's governance regime

The Association has continued to make progress in terms of the overall governance structure, and has recently agreed a formal Code of Conduct for members of Council in their capacity as Directors of the Association

Internal audit

The Internal Audit function is provided by KPMG and in this capacity reports to the Chair of the Audit Committee The Finance Director exercises day to day management control over KPMG and during 2012 seven audit assignments were completed

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

The Audit Committee has approved a detailed plan of Internal Audit work to be undertaken during 2013

Risk assessment/management

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

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

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

The 2013 outlook for the BMA presents a continuance of the challenges faced during 2012, most notably the financial pressures on health spending and the impact of the Health and Social Care Act in England and the financial demand of increased contributions to the BMA staff pension scheme

BMA members benefit from expenditure on member services exceeding subscription revenue, which is made possible by the other sources of revenue including rents, events management, income on reserves and, most notably, significant profit contribution generated by the BMJ Publishing Group (BMPJG) The attendant risks associated with the impressive overseas growth of the BMJPG form part of the Audit Committee's oversight responsibilities

Tim Holmes
Chairman

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

We have audited the group and parent company financial statements (the "financial statements") of the British Medical Association for the year ended 31 December 2012 which comprise the Income and expenditure account, the Balance sheet, the Consolidated cash flow statement, the Statement of total recognised gains and losses, the Note of historical cost surplus and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012, the group's surplus and parent company's deficit for the year then ended, and the group's cash flow for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

22 **March 2013**

Financial statements for the year ended 31 December 2012

Income and expenditure accounts

	Notes	BMA 2012 £000	BMA 2011 £000	Consolidated 2012 £000	Consolidated 2011 £000
Income					
Membership subscriptions		43,313	41,301	43,313	41,301
Income from other activities		8,093	6,638	4,607	3,122
Publishing					
Subscriptions		–	–	29,353	33,797
Other Income		–	–	43,662	35,232
		51,406	47,939	120,935	113,452
Expenditure					
Members' services		52,668	50,293	53,734	51,267
Other activities		3,486	3,517	–	–
Publishing		–	–	62,442	59,293
		56,154	53,810	116,176	110,560
Operating (deficit)/surplus					
Members' services		(4,748)	(5,871)	(5,814)	(6,844)
Publishing		–	–	10,573	9,736
Operating (deficit)/surplus before staff pension scheme		(4,748)	(5,871)	4,759	2,892
Staff Pension Scheme Contributions (Recovery Plan)	7	(19,470)	(1,350)	–	–
Operating (deficit)/surplus		(24,218)	(7,221)	4,759	2,892
Income from fixed assets	2	2,806	2,638	2,027	1,851
Income from current assets	3	123	136	278	311
Interest payable (inter–company)	4	(90)	(67)	–	–
Other finance income	7	–	–	376	1,073
Surplus on sales of fixed asset investments		–	–	–	149
Proceeds from part disposal of share in Journal Publication		–	–	–	526
(Deficit)/surplus on ordinary activities before taxation	5	(21,379)	(4,514)	7,440	6,802
Taxation on (deficit)/surplus on ordinary activities	6	(668)	(697)	(3,208)	(3,182)
Net (deficit)/surplus for the financial year	15	(22,047)	(5,211)	4,232	3,620

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

Statements of total recognised gains and losses

	Notes	BMA 2012 £000	BMA 2011 £000	Consolidated 2012 £000	Consolidated 2011 £000
(Deficit)/surplus for the year	15	(22,047)	(5,211)	4,232	3,620
Unrealised (losses)/gains on fixed asset investments	16	–	–	5,430	(2,692)
Foreign exchange movement		–	–	(30)	(1)
Actuarial loss on pension scheme	7	–	–	650	(18,518)
Movement on deferred tax relating to pension scheme		–	–	(53)	1,637
Total gains and losses recognised since last financial statements		(22,047)	(5,211)	10,229	(15,954)

Note of historical-cost (deficit)/surplus

	Notes	BMA 2012 £000	BMA 2011 £000	Consolidated 2012 £000	Consolidated 2011 £000
Reported (deficit)/surplus on ordinary activities before taxation		(21,379)	(4,514)	7,440	6,802
Difference between market value and cost of investment realised		–	–	–	5,320
Historical cost (deficit)/surplus before taxation		(21,379)	(4,514)	7,400	12,122
Taxation on (deficit)/surplus on ordinary activities	6	(668)	(697)	(3,208)	(3,182)
Historical cost (deficit)/surplus after taxation		(22,047)	(5,211)	4,232	8,940

Balance sheets as at 31 December 2012

	Notes	BMA 2012 £000	BMA 2011 £000	Consolidated 2012 £000	Consolidated 2011 £000
Employment of funds					
Fixed Assets					
Intangible assets	8	–	–	11,467	12,650
Tangible assets	9	11,030	12,548	11,139	12,697
Investments	10(a)(b)	–	–	85,990	71,811
Investments in group undertakings	10(c)	140,878	140,878	–	–
		151,908	153,426	108,596	97,158
Current assets					
Stocks	11	7	9	181	160
Debtors	12	2,500	3,710	19,450	18,127
Short-term deposits		–	12,000	–	21,690
Cash held in liquidity fund		–	–	7,125	11,467
Cash at bank and in hand		1,331	1,199	11,305	10,563
		3,838	16,918	38,061	62,007
Creditors (amounts falling due within one year)	13	(22,032)	(14,508)	(47,453)	(43,437)
Net current (liabilities)/assets		(18,194)	2,410	(9,392)	18,570
Total assets less current liabilities		133,714	155,836	99,204	115,728
Provisions for liabilities	14	(295)	(370)	(295)	(370)
Net assets before pension scheme liability		133,419	155,466	98,909	115,358
Net pension surplus/(deficit)	7	–	–	3,945	(22,733)
Net assets including pension scheme surplus/(liability)		133,419	155,466	102,854	92,625
Funds employed					
Revaluation reserve – freehold property	9	454	454	454	454
Revaluation reserve – investments	16	–	–	9,237	3,807
Revaluation reserve – investment in subsidiary	10(d)	59,000	59,000	–	–
Accumulated funds	15	73,965	96,012	93,163	88,364
Total shareholders funds		133,419	155,466	102,854	92,625

The financial statements on pages 3 to 22 were approved by Council on 20 March 2013 and were signed on its behalf by A Dearden and M Porter

A Dearden
Treasurer

M Porter
Chairman of Council

Mark Porter
20 March 2013

The Company's registered number is 8848

Consolidated cash flow statement for the year ended 31 December 2012

	Consolidated		Consolidated	
	2012	2012	2011	2011
	£000	£000	£000	£000
Net cash (outflow)/inflow from operating activities (note a)		(14,322)		8,611
Return on investments and servicing of finance				
Interest received	278		311	
Dividends received	101		88	
		379		399
Taxation		(2,186)		(3,445)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(463)		(850)	
Proceeds on disposal of tangible fixed assets	51		57	
Investment in short term deposits	-		(21,690)	
Purchase of investments	(8,749)		(27,651)	
Proceeds on disposal of investments	-		33,858	
		(9,161)		(16,276)
Acquisitions and disposals				
Purchase of Informatica		-		(5,236)
Cash outflow before use of liquid resources and financing		(25,290)		(15,947)
Management of liquid resources				
Increase in cash held in liquidity fund		4,342		-
Increase in short-term deposits		21,690		16,411
		742		464

	Consolidated	
	2012	2011
	£000	£000
Note a Reconciliation of operating surplus to net cash flow from operating activities		
Operating surplus	4,759	2,892
Difference between pensions charged and cash contributions	(28,023)	(3,700)
Surplus on rental income	1,926	1,763
Depreciation	2,009	2,211
Amortisation and adjustment to goodwill	1,183	(3,056)
Proceeds from part disposal of share in Journal Publication	-	526
Profit on disposal of tangible fixed assets	(47)	(43)
Increase in creditors	4,623	4,607
Increase in debtors	(731)	3,393
(Increase)/decrease in stock	(21)	18
Net cash (outflow)/inflow from operating activities	(14,322)	8,611
Note b Reconciliation of net cash flow to movements in net funds		
Increase in cash at bank in the year	742	464
Decrease in cash held in liquidity fund	(4,342)	(16,411)
Decrease in short-term deposits	(21,690)	-
Change in net funds	(25,290)	(15,947)
Net movement in net funds in the year	(25,290)	(15,947)
Net funds at 1 January	22,030	37,977
Net funds at 31 December	(3,260)	22,030

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

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies

a Accounting convention

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

b Basis of consolidation

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

c Membership & publishing subscriptions

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

d Publications

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

e Venue event hire

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

f Deferred tax

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

g Foreign exchange

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

h Freehold premises (including some BMA House development costs)

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

i Long leasehold improvements

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

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

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

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

k Provisions

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

l Current assets – stocks

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

m Liquid resources

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

n Financial instruments

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

o Leases

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

p Fixed asset investments

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

q Pensions

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

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

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

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

r Goodwill and amortisation

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

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

s Status

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

2 Income from fixed assets

	BMA		Consolidated	
	2012	2011	2012	2011
	£000	£000	£000	£000
Gross rental income	3,547	3,643	2,446	2,550
Less				
– Service & maintenance costs	(651)	(711)	(430)	(493)
– Refurbishment costs	(90)	(294)	(90)	(294)
Net property income	2,806	2,638	1,926	1,763
Dividends and interest	–	–	292	197
Investment management fees	–	–	(191)	(109)
	2,806	2,638	2,027	1,851

3 Income from current assets

	BMA		Consolidated	
	2012	2011	2012	2011
	£000	£000	£000	£000
Interest on bank deposit accounts	123	136	278	311
	123	136	278	311

4 Interest payable

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

5 (Deficit)/surplus on ordinary activities before taxation

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

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
Wages and salaries	21,870	22,776	41,926	41,045
Social security costs	2,230	2,328	4,500	4,347
Pension – defined benefit	2,698	2,719	4,193	4,063
Pension – defined contribution	698	617	1,448	1,260
	27,496	28,440	52,067	50,715
Depreciation	1,936	2,137	2,009	2,211
Amortisation of goodwill	–	–	958	1,183
Profit on disposal of fixed assets	47	38	47	43
Auditors' remuneration				
Audit of financial statements – BMA	38	42	38	42
Audit of financial statements – subsidiaries	–	–	59	62
Audit of financial statements of associated pension scheme	–	–	35	35
Other services relating to taxation	2	2	30	30
Other services	–	–	7	4
Operating lease rentals				
Land and buildings	314	298	393	351
	Number	**Number**	**Number**	**Number**
Monthly average number of employees during year				
Members' services	512	512	512	512
Publishing	–	–	414	373
	512	512	926	885

6 Taxation on (deficit)/surplus on ordinary activities

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
Current tax				
UK Corporation tax @ 24 5% (2011 26 5%)	743	713	1,901	2,203
Adjustments in respect of prior years	–	–	(384)	–
Foreign tax	–	–	47	–
	743	713	1,564	2,203
Deferred tax				
Origination and reversal of timing differences	(33)	(2)	(749)	485
Changes in tax rates or laws	(42)	(14)	82	45
Pension cost charge in excess of pension cost relief	–	–	2,311	449
	(75)	(16)	1,644	979
Taxation on (deficit)/surplus on ordinary activities	668	697	3,208	3,182

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

Reconciliation of tax charge

	BMA		Consolidated	
	2012	**2011**	**2012**	**2011**
	£000	**£000**	**£000**	**£000**
(Deficit)/surplus before tax	(21,379)	(4,514)	7,440	6,802
(Deficit)/surplus before tax multiplied by standard rate of corporation tax in the UK of 24 5% (2011 26 5%)	(5,238)	(1,196)	1,823	1,802
Expenses/(income) not (chargeable)/deductible for tax	5,948	1,926	(675)	(372)
Other timing differences	–	–	692	(500)
Capital allowances in excess of depreciation	33	1	44	7
Adjustments in respect of prior years	–	–	(384)	–
Goodwill and amortisation	–	–	113	1,127
Capital transactions	–	–	(49)	139
Group relief	–	(18)	–	–
Current tax charge for the year	743	713	1,564	2,203

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012 and therefore profits for this accounting period are taxed at an effective rate of 24 5% On 5 July 2011 a new Finance Act was enacted which reduced the main rate of Corporation Tax from 26% to 23% with effect from 1 April 2012 and proposed to reduce the rate by 1% per annum by 1 April 2014 These further changes have not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements The reduction of the rate to 25% will have an impact on the deferred tax assets and liabilities but this is not expected to be material

7 Pension commitments

The British Medical Association participates in a defined benefit funded scheme called the BMA Staff Pension Scheme The assets of the scheme are held separately from those of the Association, being invested in trustee administered funds, mainly through investment management agreements with specialist Fund Managers Pension costs are charged to the income and expenditure account so as to spread the cost of the defined benefit scheme over the employee's period of employment with the Association, based on the advice of an independent qualified actuary using the projected unit method
The pension costs relating to the scheme during 2012 are disclosed in note 5

The most recent formal actuarial valuation of the Scheme was at 31 March 2009 and at this date there were 407 contributing members in the Scheme The principal financial assumptions used in that valuation were that the rate of return on investments before retirement would exceed future salary increases by 2 95% per annum and that long-term RPI inflation would be 3 2% per annum The majority of the pensions in the Scheme, in excess of Guaranteed Minimum Pension (GMP), increase in payment in line with RPI inflation Other pensions, in excess of GMP, increase in payment in line with RPI subject to a maximum of 5% each year The actuarial valuation assumed that present and future pensions would increase at a rate of 3 2% per annum, and pensions with capped increases would increase at 3 1% pa The market value of the assets at 31 March 2009 was £113 million, and the value of the assets represented 66% of the value of benefits that had accrued to members, after allowing for future increases in earnings

The next formal valuation is due to take place with an effective date of 31 March 2012

The Association is currently making contributions at the rate of 23 4% of pensionable salaries for the defined benefit members of the Scheme The member contribution rate for those employees is 6% The total contribution rate of 29 4% of pensionable salaries is the future service contribution rate as determined by the scheme's actuary The Association has agreed to pay additional contributions to remove the funding deficit over a period of five years from the valuation date The FRS17 actuarial valuation has been updated to 31 December 2012 The major assumptions used at that date and the previous year-end were

	2012	**2011**
Rate of increase in salaries	4 0%	4 2%
Rate of increase in pensions in payment	3 0%	3 2%
increasing in line with RPI	3 0%	3 2%
increasing in line with RPI subject to a maximum of 5%	2 9%	3 1%
Discount rate	4 5%	4 8%
RPI inflation assumption	3 0%	3 2%
CPI inflation assumption	2 3%	2 2%

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

	2012	**2011**
Male member age 65 (current life expectancy)	21 5	20 4
Male member age 40 (life expectancy at age 65)	23 7	22 7
Female member age 65 (current life expectancy)	24 1	23 1
Female member age 40 (life expectancy at age 65)	26 0	24 5

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

	Long term rate of return expected at 31 December		Value at 31 December	
	2012	2011	2012 £000	2011 £000
Equities	6 8%	6 9%	150,731	112,447
Index Linked Government Bonds	2 8%	2 9%	53,704	31,411
Fixed Interest Government Bonds	3 0%	3 0%	0	15,050
Corporate Bonds	4 2%	4 6%	17,790	14,837
Property	4 8%	4 9%	26,533	25,536
Cash	2 8%	3 0%	1,063	184
Total market value of assets			249,821	199,465
Present value of scheme liabilities			(245,525)	(224,218)
Scheme deficit			4,296	(24,753)
Related deferred tax asset			(351)	2,020
Net pension surplus/(deficit)			3,945	(22,733)

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

	2012 £000	2011 £000
Fair value of plan assets at 1 January	199,465	192,273
Expected return on plan assets	11,302	12,215
Actuarial gain	11,116	(8,295)
Employer contributions	33,644	8,836
Member contributions	1,217	1,304
Benefits paid from plan	(6,807)	(6,775)
Premiums paid	(116)	(93)
Fair value of plan assets at 31 December	249,821	199,465

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

	2012 £000	2011 £000
Present value of liabilities at 1 January	224,218	203,281
Current service cost	5,621	5,136
Interest cost	10,926	11,142
Members' contributions	1,217	1,304
Actuarial gain	10,466	10,223
Benefits paid	(6,807)	(6,775)
Premiums paid	(116)	(93)
Present value of liabilities at 31 December	245,525	224,218

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

	2012 £000	2011 £000
Amounts recognised in income and expenditure account		
Current service cost	(5,621)	(5,136)
Expected return on pension scheme assets	11,302	12,215
Interest on pension liabilities	(10,926)	(11,142)
	376	1,073
	(5,245)	(4,063)
Amounts recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on assets	11,116	(8,295)
Experience gains and losses on liabilities	3,585	(1,156)
Changes on assumptions	(14,051)	(9,067)
Net actuarial gain/(loss) recognised	650	(18,518)

	2012 £000	2011 £000
Cumulative amount of actuarial losses recognised in the STRGL	(28,828)	(29,478)

The actual return on scheme assets for the year was a gain of £22 4 million (2011 £3 9 million)

History	Year to 31 December				
	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Difference between expected and actual return on scheme assets					
amount	11,116	(8,295)	13,118	15,094	(47,289)
percentage of scheme assets	+4%	-4%	+7%	+11%	+40%
Experience gains and losses on scheme liabilities					
amount	3,585	(1,156)	(836)	192	(1,498)
percentage of scheme liabilities	+1%	-1%	0%	0%	-1%
Total amount recognised in statement of total recognised gains and losses					
amount	650	(18,518)	12,666	(12,470)	(30,158)
percentage of scheme liabilities	0%	-8%	+6%	+7%	+20%

Defined contribution scheme
The cost of contributions to the defined contribution scheme amounted to £1,448,000 (2011 £1,260,000) No amounts where outstanding at the year end

8 Intangible assets

	Consolidated	
	2012 £000	2011 £000
Goodwill		
Cost		
At 1 January	14,721	5,246
Additions (see below)	–	9,475
At 31 December	14,721	14,721
Accumulated amortisation		
At 1 January	(2,071)	(888)
Provided during year	(1,183)	(1,183)
At 31 December	(3,254)	(2,071)
Net book value	11,467	12,650

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

The terms of the acquisition agreement include an earn out agreement whereby the previous owners will accrue additional payments if certain performance criteria are achieved and they remain with the business until the end of 2015 Based on current predictions there is no certainty that any amounts would arise and as such no provision has been included in these accounts

9 Tangible assets

(i) BMA

	Freehold Premises £000	Long Leasehold Improvements £000	Plant and Office Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation – 1 January 2012	15,549	520	8,898	850	25,817
Additions during year	-	-	227	203	430
Disposals during year	-	-	(237)	(210)	(447)
Cost or valuation – 31 December 2012	15,549	520	8,888	843	25,800
Less					
Accumulated depreciation – 1 January 2012	(5,517)	(394)	(6,918)	(440)	(13,269)
Charged in year	(1,013)	(27)	(701)	(195)	(1,936)
Disposals during the year	-	-	237	198	435
Accumulated depreciation – 31 December 2012	(6,530)	(421)	(7,382)	(437)	(14,770)
Net book amount – 31 December 2012	**9,019**	**99**	**1,506**	**406**	**11,030**
Net book amount – 31 December 2011	10,032	126	1,980	410	12,548

(ii) Consolidated

	Freehold Premises £000	Long Leasehold Improvements £000	Plant and Office Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation – 1 January 2012	15,549	520	9,306	958	26,333
Additions during year	-	-	260	203	463
Disposals and amounts written off during year	-	-	(281)	(210)	(491)
Cost or valuation – 31 December 2012	15,549	520	9,285	951	26,305
Less					
Accumulated depreciation – 1 January 2012	(5,517)	(394)	(7,245)	(480)	(13,636)
Charged in year	(1,013)	(27)	(751)	(218)	(2,009)
Disposals and amounts written off during year	-	-	281	198	479
Accumulated depreciation – 31 December 2012	(6,530)	(421)	(7,715)	(500)	(15,166)
Net book amount – 31 December 2012	**9,019**	**99**	**1,570**	**451**	**11,139**
Net book amount – 31 December 2011	10,032	126	2,061	478	12,697

With the exception of a surplus of £454,000 that arose on the revaluation of BMA House, London in 1957, all acquisitions of, and additions to freehold premises are shown in the balance sheet at cost In the opinion of Council, the market value of freehold premises at 31 December 2012 is significantly higher than the carrying value recorded above In accordance with the transitional provision of FRS 15 Tangible fixed assets, the revaluation of BMA House has not been updated

10 Fixed asset investments

	BMA 2012 £000	BMA 2011 £000	Consolidated 2012 £000	Consolidated 2011 £000
(a) Reconciliation of market value of investments				
Market value at 1 January	–	–	71,811	80,566
Additions to costs	–	–	8,749	27,650
Proceeds of sale	–	–	–	(33,858)
Realised gain	–	–	–	149
Other movements	–	–	–	(4)
(Decrease)/Increase in market value	–	–	5,430	(2,692)
Total at 31 December	–	–	85,990	71,811
Cost at 31 December	–	–	75,947	67,198

(b) Analysis of market value of investments

	BMA 2012 £000	BMA 2011 £000	Consolidated 2012 £000	Consolidated 2011 £000
UK non-listed	–	–	31,106	20,177
Non-UK listed	–	–	21,564	19,403
Non-UK non-listed	–	–	33,320	32,231
	–	–	85,990	71,811

	BMA 2012 £000	BMA 2011 £000
(c) Cost of investments in group undertakings		
Balance at 1 January and 31 December	140,878	140,878

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

(d) Revaluation reserve – investment in subsidiary

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

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

11 Stocks

	BMA 2012 £000	BMA 2011 £000	Consolidated 2012 £000	Consolidated 2011 £000
Raw materials and consumables	7	9	181	160
	7	9	181	160

12 Debtors

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
Amounts falling due within one year				
Trade debtors	358	499	11,472	11,487
Amounts owed by group undertakings	–	1,159	–	–
Other debtors	427	251	717	422
Deferred tax	–	–	1,706	1,114
Prepayments and accrued income	1,715	1,801	5,555	5,104
	2,500	3,710	19,450	18,127

13 Creditors (amounts falling due within one year)

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade creditors	1,225	1,225	2,805	2,596
Amounts owed to group undertakings	5,641	–	–	–
Corporation tax	335	361	779	1,486
Other taxation and social security	1,758	1,276	1,758	1,276
Other creditors	102	69	4,521	4,462
Accruals and deferred income	3,782	2,772	11,461	9,879
Subscriptions received in advance	9,189	8,805	26,129	23,738
	22,032	14,508	47,453	43,437

Included in other creditors above is an amount of £436,000 for pension contributions due to be paid to the BMA Staff Pension Scheme (2011 £NIL)

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

14 Provision for liabilities

	BMA		Consolidated	
	2012 £000 Deferred Tax	2012 £000 Total	2012 £000 Deferred Tax	2012 £000 Total
At 1 January	370	370	370	370
Released during the year	(75)	(75)	(75)	(75)
At 31 December	295	295	295	295

	Consolidated	
	2012 £000	2011 £000
Provision for deferred tax		
Accelerated capital allowances	215	292
Short term timing differences	(43)	(44)
Pensions	(1,583)	(992)
	(1,411)	(744)
At 1 January	(744)	(1,274)
Deferred tax charge in income and expenditure account	(667)	530
At 31 December	(1,411)	(744)

15 Accumulated funds

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
Opening accumulated funds	96,012	101,223	88,364	96,306
Net (deficit)/surplus for the financial year	(22,047)	(5,211)	4,232	3,620
Foreign Exchange movement	-	-	(30)	(1)
Actuarial gain/(loss) on pension scheme	-	-	650	(18,518)
Movement on deferred tax relating to pension scheme	-	-	(53)	1,637
Transfer from revaluation reserve	-	-	-	5,320
Closing accumulated funds	73,965	96,012	93,163	88,364

16 Revaluation reserve – investments

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
At 1 January	-	-	3,807	11,819
Transfer to accumulated account	-	-	-	(5,320)
Increase/(Decrease) in market value for year	-	-	5,430	(2,692)
	-	-	9,237	3,807

17 Reconciliation of movements in funds employed

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
(Deficit)/surplus for the year	(22,047)	(5,211)	4,232	3,620
Actuarial gain/(loss) on pension scheme	-	-	650	(18,518)
Movement on deferred tax relating to pension scheme	-	-	(53)	1,637
Increase/(Decrease) in market value for year	-	-	5,430	(2,692)
Foreign Exchange movement	-	-	(30)	(1)
Net movement in funds employed	(22,047)	(5,211)	10,229	(15,954)
Opening shareholders' funds as previously reported	155,466	160,677	92,625	108,579
Closing shareholders' funds	133,419	155,466	102,854	92,625

18 Commitments

	BMA		Consolidated	
	2012 £000	2011 £000	2012 £000	2011 £000
Annual commitments under operating leases are as follows				
Land and buildings				
Expiring between two and five years inclusive	270	261	355	317
Expiring in five years or more	-	21	-	21
	270	282	355	338

19 Related party transactions

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

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

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

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

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

Council members are paid Honoraria amounts as described in note 21

20 Financial instruments

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

	BMA		Consolidated	
	2012	**2011**	**2012**	**2011**
Maturing within one year				
– to fund future revenues in US dollars	–	–	US $7 0m	US $6 0m
– to fund future revenues in Euros	–	–	EUR€1 2m	EUR€1 7m
Maturing after one year				
– to fund future revenues in Euros 2014	–	–	–	EUR€1 1m

21 Council members' remuneration

	Consolidated 2012 £	Consolidated 2011 £
Remuneration in respect of 41 (2011-31) members of Council	528,930	492,674
Amount paid to the highest remunerated member of Council	96,332	115,188

Honoraria amounts paid to members of Council during the whole of the year ended 31 December 2012, irrespective of how long they served on Council, were as follows

Honoraria	£
Banfield, Mr P	7,875
Basham, Mrs C	230
Borman, Dr E	1,840
Brent, Dr K	1,150
Calland, Dr A L	15,180
Chand, Dr K	5,290
Coghlan, Dr S	16,692
Collier, Dr A	11,960
Dangerfield, Dr P	1,380
Darragh, Dr P	30,150
Datta, Dr S	5,060
Dearden, Dr A R	53,958
Dolphin, Dr T	17,710
Flynn, Dr P	7,820
Hajioff, Dr S	47,012
Haslam, Prof D	11,644
Hedderwick, Dr S	2,760
Hollins, Prof S	11,644
Keighley, Dr B D	32,205
Machin, Mr D	5,520
Maguire, Dr P	2,530
Mansfield, Prof A	7,130
Marshall, Dr D	1,150
Matheson, Ms M	8,970
McKeown, Dr H	1,380
Meldrum, Dr H	86,348
Molyneux, Dr B	18,630
Moreton, Dr A	6,670
Morrison, Dr L	12,880
Nagpaul, Dr C	460
Pickersgill, Dr T	6,210
Pilavachi, Ms E	5,750
Porter, Dr M	30,410
Rees, Dr M	1,150
Rutter, Miss A	5,290
Shanbhag, Dr R S	17,250
Temple, Dr M	4,370
Terry, Dr P	3,220
Watkins, Dr S	1,380
Wells, Dr F	230
Wilson, Dr I R	6,210
TOTAL HONORARIA	514,698

Council have approved a policy under which a member who provides evidence that their NHS pension benefits are adversely affected by their commitments to BMA activities, is entitled to an appropriate pension allowance payment The amounts of pension allowances paid in 2011 are as shown

Pension Allowance	
Dearden, Dr A R	4,248
Meldrum, Dr H	9,984
	528,930

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