



## **British Association of Occupational Therapists Limited**

### **Annual Report of Council**

30 September 2018



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**Report of Council  
(incorporating the Directors' Report and the Group Strategic Report)**

Council presents the report and financial statements of the British Association of Occupational Therapists Limited ("BAOT") for the year ended 30 September 2018. The financial statements comply with applicable accounting standards and the Companies Act 2006.

**Patron**

HRH The Princess Royal, GCVO

**President**

Professor Sheila the Baroness Hollins

**Vice Presidents**

Professor Sir Mansel Aylward CB

Professor Sir Clive Booth

Colin Ettinger

**Chair of Council**

Dr Patricia McClure

**Vice Chair of Council**

Linda Agnew (retired 12/06/2018)

Professor Priscilla Harris (appointed 12/06/18)

**Capacity**

**Council Member**

Chair

Dr Patricia McClure

Trade Union / UNISON

David Davies (retired 19/04/2018)

Peter Hewin (appointed 24/09/2018)

International

Sandra Rowan

Welsh Board

Sara Forster (retired 12/06/2018)

Kim Atkinson (appointed 12/06/18)

Northern Ireland Board

Lena Canavan

Scottish Board

Fiona Warrender

English Board

Linda Agnew (retired 12/06/2018)

Alison Wilcox (appointed 12/06/2018)

**Capacity**

**Council Member**

Research & Development Board

Professor Priscilla Harris

Learning and Development Board

Lyn Westcott

**Secretary**

**Registered Office**

Julia Scott

106-114 Borough High Street  
London  
SE1 1LB

**Country of incorporation**

United Kingdom

**ADVISERS**

**Auditors**                      BDO LLP  
55 Baker Street  
London W1 7EU

**Bankers**                        HSBC Bank Plc  
2 Craven Road  
Paddington  
London W2 3PY

**Solicitors**                    DAC Beachcroft LLP  
100 Fetter Lane  
London EC4A 1BN

## **GROUP STRATEGIC REPORT**

### **Principal Activities of the Company**

The principal activity of BAOT is that of a Professional Association in the field of rehabilitative medicine. BAOT aims to promote occupational therapy education and honourable practice; to provide facilities for the advancement of the science of occupational therapy by the widest possible distribution of information through meetings, discussions and debate; and to issue relevant papers and periodicals on occupational therapy. BAOT is a registered Trade Union.

The Royal College of Occupational Therapists (RCOT) is a wholly-owned subsidiary of BAOT. This Group Strategic Report relates to the combined activities of BAOT and RCOT.

### **Review of Operations**

Total income for the Group was £9.9m (2017: £9.6m) for the year. This represented a small increase in the year of £0.3m. All income streams except for other income increased marginally.

Expenditure for the Group was £12.4m (2017: £8.7m) which was an increase of £3.7m over the previous year. Most of this increase relates to the cost of the pension buyout of £3.4m in the year. A further £0.9m will be due once the buyout is complete.

BAOT is in the process of agreeing a new contract with UNISON for the continued provision of industrial services. The contract is still awaiting finalisation by UNISON and, in the meantime, BAOT has continued to pay UNISON £1.6m per annum under the existing agreement. BAOT does not maintain a political fund.

After an allowance for net gains of £0.1m (2017: £0.6m) on investments, the Group reports a loss for the year of £2.5m.

The Group's balance sheet remains both strong (with an accumulated fund of £15.0m) and liquid (with total cash of £4.7m).

## GROUP STRATEGIC REPORT

### Key Performance Indicators

The Group produces both financial and operational key performance indicators (KPIs). The financial KPIs are produced monthly and cover nine specific areas. As a membership organisation, there are three fundamental KPIs which all revolve around membership:

- **Total membership numbers** - by category of membership. These numbers are shown in full on page 11 – with a total membership of 32,548 at 30 September 2018, an increase of 1.7% over the previous year.
- **Market share** – BAOT compares its membership to the register of occupational therapists held by the Health and Care Professions Council (HCPC) in order to provide a relevant 'estimate' of its market share. Historically, the BAOT market share has remained in the range of 70 – 75%. The market share at 30 September 2018 was 71%.
- **Sustainability** – this measures the amount of budgeted expenditure that is 'covered' by membership subscriptions. BAOT has been actively working to increase this percentage over the last few years. The percentage for this year's accounts is 66%, which is a decrease from last year's 93%. This is mostly due to the cost of the pension buyout. Excluding the cost of the pension buyout the percentage would be 92%. The amount of expenditure not covered by membership subscriptions has to be generated from other sources of income.

### Plans for Future Periods

The Group has a set of new strategic intentions covering the period 2018-2023. These intentions focus on ensuring the profession is ready to deliver new models of care, continuing to raise awareness of occupational therapy to key stakeholders and citizens and ensure the organisation continues to thrive by actively involving its members within its work.

The Group continues to work towards ensuring that its core charitable activities are sustainable from its core income by embracing the need to manage expenditure and support new income streams. This will necessitate a significant emphasis on membership subscriptions as well as an increased focus on the recruitment of new members. In particular, BAOT will need to concentrate on continuing to attract student members and then converting them to full membership upon graduation.



At this time, the Group is developing a digital transformation plan which will require wider investment in digital services across the whole organisation.

## **GROUP STRATEGIC REPORT - continued**

The Group will build on the existing diversification of its treasury arrangements and seek to maximise the potential for income and growth from its investments.

### **Risk Management**

The Group incorporates the management of risk into its decision-making processes. Council has agreed that the Audit Committee undertakes the detailed task of identifying the major risks, assessing their likely impact and likelihood and then recommending proposals to mitigate these risks. The Committee consists of five members: two members of Council; one senior member of the profession who is not a member of Council; and two independent external members, one of whom has a financial background and the other with appropriate skills and expertise in governance functions.

Currently, there are ten major risks that the Committee has identified and monitors regularly. Of these, the top four risks relate to sustainability of the organisation, the defined benefit pension scheme for staff, the IT infrastructure and data protection. The Audit Committee reports to Council on risk management annually. Council has reviewed these reports and takes responsibility for ensuring that all appropriate measures are implemented as business priorities.

The Group does not actively use financial instruments as part of its financial risk management. The Group is exposed to the usual credit and cash flow risks associated with providing its goods and services and manages these risks through its internal control procedures.

## **COUNCIL OF MANAGEMENT**

The business of BAOT is managed by the Council and the members of Council do not receive remuneration. The present members of Council are shown on pages 4-5.

Each of the Council members has confirmed that, so far as they are aware, there is no relevant audit information of which the BAOT's auditors are unaware and that they have taken all the steps that they individually ought to have taken as a Council member in order to make themselves aware of any relevant audit information and to establish that the BAOT's auditors are aware of that information.

## STATEMENT OF COUNCIL'S RESPONSIBILITIES

Council is responsible for preparing the Report of Council (incorporating the Directors' Report and Group Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires Council to prepare financial statements for each financial year. Under that law, Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. Under company law, Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the surplus or deficit of the company and the Group for that period. In preparing these financial statements Council is required to:

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

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

Council is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

*Patricia McClure*

106-114 Borough High Street  
London, SE1 1LB

BY ORDER OF COUNCIL  
Chairman – Dr Patricia McClure  
10 April 2019

## MEMBERSHIP

CATEGORY	2018	2018	2017	2017
PROFESSIONAL MEMBERS				
LIFE	20		20	
UK	27,255		27,002	
OVERSEAS	<u>252</u>		<u>271</u>	
		27,527		27,293
ASSOCIATE MEMBERS		488		492
RETIRED MEMBERS		510		448
STUDENT MEMBERS		4,023		3,766
TOTAL MEMBERSHIP AT 30 SEPTEMBER 2018		<u>32,548</u>		<u>31,999</u>

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRITISH ASSOCIATION OF OCCUPATIONAL THERAPISTS LTD**

### **Opinion**

We have audited the financial statements of British Association of Occupational Therapists ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2018 which comprise of the consolidated income and expenditure account, consolidated and parent company balance sheet, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2018 and of the Group's loss 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 and in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent

Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Report of Council (incorporating the Group Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of Council has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of Council.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 or the Trade Union and Labour Relations (Consolidation) Act 1992 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 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
- The Directors have not maintained a satisfactory system of internal control over the Parent Company's transactions; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of Directors**

As explained more fully in the Statement of Council's Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Phil Cliftlands (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

Date 29 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**CONSOLIDATED INCOME & EXPENDITURE ACCOUNT**  
**For the year ended 30 September 2018**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>INCOME</b>		
Membership subscriptions	8,266	8,139
Income from charitable activities	1,349	1,292
Investment income	258	155
Other income	32	52
	<hr/>	<hr/>
<b>Total Income</b>	<b>9,905</b>	<b>9,638</b>
	<hr/>	<hr/>
<b>EXPENDITURE</b>		
Cost of trade union subscriptions transferred to Unison	1,558	1,558
Cost of pension buy out	3,479	-
Cost of charitable activities	7,451	7,190
	<hr/>	<hr/>
<b>Total Expenditure</b>	<b>12,488</b>	<b>8,748</b>
	<hr/>	<hr/>
Net gains on investments	112	580
	<hr/>	<hr/>
<b>Net Deficit/Surplus</b>	<b>(2,471)</b>	<b>1,470</b>
	<hr/>	<hr/>
<b>Other comprehensive income</b>		
Net Surplus after realised gains and losses	(2,471)	1,470
Actuarial gains/losses - defined benefit scheme (Note 6)	-	3
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>(2,471)</b>	<b>1,473</b>
	<hr/>	<hr/>

The income and expenditure for the year relates wholly to continuing activities. There are no recognised gains and losses for the financial year other than those in the above income and expenditure account.



Company House Number: 392350

**CONSOLIDATED BALANCE SHEET  
at 30 September 2018**

	NOTE	2018 £000	2018 £000	2017 £000	2017 £000
<b>FIXED ASSETS</b>					
Tangible assets	7		1,790		1,915
Fixed asset investments	9		9,342		5,562
			<u>11,132</u>		<u>7,477</u>
<b>CURRENT ASSETS</b>					
Debtors	10	513		380	
Cash held as liquid investment	13	2,678		7,778	
Cash at bank and in hand	13	2,016		3,114	
		<u>5,207</u>		<u>11,272</u>	
<b>Less Creditors:</b> amounts falling due within one year	11	<u>(1,342)</u>		<u>(1,281)</u>	
<b>Net current assets</b>			<b>3,865</b>		<b>9,991</b>
<b>Pension scheme liability</b>			<u>-</u>		<u>-</u>
<b>NET ASSETS</b>			<u><b>14,997</b></u>		<u><b>17,468</b></u>
<b>RESERVES</b>					
Accumulated Fund	12		<u><b>14,997</b></u>		<u><b>17,468</b></u>

Approved by Council and authorised for issue on 10 April 2019

*Patricia McClure*

**Dr Patricia McClure  
Chairman**

*Priscilla Harries*

**Professor Priscilla Harries  
Vice-Chairman**

Company House Number: 392350

**PARENT COMPANY BALANCE SHEET**  
*at 30 September 2018*

	NOTE	2018 £000	2018 £000	2017 £000	2017 £000
<b>ASSETS EMPLOYED</b>					
Fixed Assets - Investments	8		-		-
<b>Current Assets</b>					
Debtors	10	107		-	
Cash at bank and in hand		157		347	
		<u>264</u>		<u>347</u>	
<b>Less Creditors:</b> amounts falling due within one year	11	<u>(264)</u>		<u>(347)</u>	
<b>Net current liabilities</b>			<u>(-)</u>		<u>(-)</u>
<b>Total assets less current liabilities</b>			<u>NIL</u>		<u>NIL</u>
<b>REPRESENTED BY RESERVES</b>					
Accumulated Fund			<u>NIL</u>		<u>NIL</u>

Approved by Council and authorised for issue on 10 April 2019



**Dr Patricia McClure**  
Chairman



**Professor Priscilla Harries**  
Vice-Chairman

**CONSOLIDATED CASH FLOW  
STATEMENT  
for the year ended 30 September 2018**  
Statement of cash flows

	NOTE	2018 £000	2017 £000
<b>Cash inflow from operating activities</b>			
<b>Net cash inflow used in operating activities</b>		<b>(2,733)</b>	1,909
<b>Cash flows from investing activities</b>			
Investment income		258	155
Amounts paid to acquire investments		(5,648)	(2,929)
Disposal of fixed assets		3	-
Amounts received on disposal of investments		2,118	648
Amounts paid to acquire tangible fixed assets		(58)	(1)
<b>Net cash used in investing activities</b>		<b>(6,060)</b>	<b>(218)</b>
<b>Change in cash and cash equivalents for the year ended 30<sup>th</sup> September</b>		<b>(6,060)</b>	<b>(218)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>11,078</b>	11,296
<b>Cash and cash equivalents for the year ended 30<sup>th</sup> September</b>	<b>13</b>	<b>5,018</b>	11,078
<b>Reconciliation of net income to net cash flow from operating activities</b>		<b>(2,471)</b>	1,470
<b>Adjustments for:</b>			
Depreciation		180	186
Gains on investments		(112)	(580)
Investment income		(258)	(155)
Decrease/(increase) in debtors		(133)	785
Increase in creditors		61	203
<b>Net cash used in operating activities</b>		<b>(2,733)</b>	1,909

## NOTES TO THE ACCOUNTS

### 1. PRINCIPAL ACCOUNTING POLICIES

In the opinion of Council these financial statements comply with Financial Reporting Standard 102 ('FRS102').

#### (a) *Format of Accounts*

Council is of the opinion that the Income and Expenditure Account formats, as required by the Companies Act 2006, are not appropriate to the activities of BAOT. The formats have been adapted to provide more appropriate information of the Income and Expenditure relating to the year's activities.

#### (b) *Basis of Accounting*

The financial statements of the Group and the Company have been prepared on the going concern basis under the historical cost convention as modified by the valuation of fixed asset investments and in accordance with applicable Accounting Standards.

#### (c) *Basis of Consolidation*

The consolidated financial statements comprise the accounts of the British Association of Occupational Therapists Limited ("BAOT") and the Royal College of Occupational Therapists Limited ("RCOT") which is consolidated on a line by line basis.

No separate Income and Expenditure Account has been presented for the parent company as permitted by section 408 of the Companies Act 2006.

#### (d) *Income*

All income is derived from activities within the United Kingdom and is accounted for on a receivable basis, with the exception of membership subscriptions and donations, which are accounted for when received.

Of the total subscriptions received by BAOT, 19% (2017 - 19%) is retained to meet industrial relations and administration costs. The balance of 81% (2017 - 81%) is transferred to RCOT to support its professional, educational and administrative costs. BAOT holds cash balances on behalf of RCOT and Gift Aids all its taxable income to RCOT.

Where entitlement to income is dependent upon fulfilment of conditions within the Group's control, the income is recognised when there is sufficient evidence that conditions have been met. Where there is uncertainty as to whether the Group has met such conditions, or the funder clearly states that the funding is for the next financial year, then the income is deferred.

## NOTES TO THE ACCOUNTS

### 1. PRINCIPAL ACCOUNTING POLICIES - CONTINUED

#### (e) *Expenditure*

The costs of RCOT's charitable activities have been grouped under the main headings:

- Membership administration – the costs associated with collecting and administering membership subscriptions.
- Journals – includes all costs associated with communications with members, whether centrally or regionally or whether in hard copy or electronic format.
- Conferences and events – the costs that relate to the organisation, promotion and administration of events.
- Professional activities – encompasses all the costs associated with the areas of research and development, education and professional practice.

Direct expenditure is allocated to each of these categories of activity. Where expenditure cannot be directly allocated it represents support costs and is apportioned on a basis consistent with the use of resources – by reference to the number of whole-time members of staff.

Governance and Administration costs represent the costs associated with the governance arrangements of the charity including costs related to the strategic (as opposed to operational) management of RCOT's activities.

## NOTES TO THE ACCOUNTS

### 1. PRINCIPAL ACCOUNTING POLICIES - CONTINUED

#### (f) *Fixed Assets and Depreciation*

Fixed assets with a cost of £1,000 or greater are capitalised and are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of each asset, when brought into use, on a straight line basis over its estimated useful life as follows:

Freehold Premises	2%	per annum on cost
Building Improvements	5%	per annum on cost
Fixtures and Fittings– new purchases	10%	per annum on cost
Fixtures and Fittings– retained assets	20%	per annum on NBV at 30 September 2010
Office Equipment	20%	per annum on cost
IT Equipment	33.33%	per annum on cost

Freehold land is not depreciated.

#### (g) *Investments*

Investments are included in the balance sheet at market value and any unrealised gains or losses are included in the Income and Expenditure Account.

#### (h) *Funds*

Restricted funds are those legacies and donations which are earmarked by the donor for use by RCOT on particular projects.

Unrestricted funds are available for use by RCOT to further its objects. Certain unrestricted funds are designated by Council for particular purposes. These designated funds are for specific future purposes or projects.

Income and expenditure is directly allocated as it arises between these categories.

#### (i) *Liquid resources*

Liquid resources are those current asset investments that can be readily disposed for a known amount of cash.

## NOTES TO THE ACCOUNTS

### 1. PRINCIPAL ACCOUNTING POLICIES - CONTINUED

#### (j) *Pensions*

The Royal College operates a defined contribution scheme. All costs are charged to the period to which they relate.

#### (k) *Recognition of Liabilities*

Resources expended are included in the Income and Expenditure Account on an accruals basis, inclusive of any VAT that cannot be recovered.

#### (l) *Grants*

RCOT does not pay grants from its own resources. However, it does administer a number of restricted funds which do make grants each year. These grants are charged in the year in which they are paid.

### 2. NET SURPLUS

Net surplus is stated after charging:	2018 £	2017 £
- Depreciation	180,302	186,220
- Auditors' remuneration		
- Auditors' fees - parent	4,880	4,660
- RCOT	16,995	16,180
- Assurance services	1,310	1,250

## NOTES TO THE ACCOUNTS

### 3. STAFF COSTS

<b>RCOT Staff Costs:</b>	<b>2018 £000</b>	<b>2017 £000</b>
Salaries	2,770	2,740
Social Security costs	310	301
Pension costs	240	230
Health costs	94	86
<b>Sub-total - cost of staff employed</b>	<b>3,414</b>	<b>3,357</b>
Temporary Staff	201	106
Recruitment	50	27
Training	16	8
Other staff costs	9	10
<b>Total Staffing Costs</b>	<b>3,690</b>	<b>3,508</b>

The average monthly numbers employed in the year were as follows:

	<b>2018 Number</b>	<b>2017 Number</b>
Charitable activities	55	55
Support activities	14	12
	<b>69</b>	<b>67</b>

The remuneration of the higher paid employees fell within the bands:

	<b>2018 Number</b>	<b>2017 Number</b>
£60,001 - £70,000	1	1
£70,001 - £80,000	4	1
£80,001 - £90,000	1	2
£90,001 - £100,000	1	1



## NOTES TO THE ACCOUNTS

### 3. STAFF COSTS – CONTINUED

Remuneration and benefits paid to key employees during the year:

	2018 £000	2017 £000
Salary costs	552	522
Social Security costs	68	64
Pension contributions	49	47
Other Employee benefits	10	7
<b>Total remuneration and benefits</b>	<u>679</u>	<u>640</u>

### 4. COUNCIL MEMBERS

All Council members can claim for travel, subsistence and other expenses. The total amount of expenses reimbursed to 9 Council members during the year was £19,984 (2017 – 9 Council members reimbursed £13,822).

RCOT paid £4,050 (2017 - £4,200) to provide Charity Trustee insurance cover for the Group.

### 5. PENSION BUY OUT

In December 2017 RCOT, the pension scheme Trustees of the Federated Pension Scheme for British Association of Occupational Therapists Limited and Aviva Life & Pensions UK Limited agreed to the buyout of the defined benefit pension scheme. The additional funding required above the value of the assets in the scheme will be in the region of £4.5m which is payable by the Group. An advanced payment of £3,479,000 was paid in December 2017 with the balance of £931,000 payable in March 2020.

## NOTES TO THE ACCOUNTS

### 6. PENSION COSTS

RCOT operated a defined benefit pension scheme for qualifying employees in the UK up to June 2014. A full actuarial valuation of the Scheme was carried out as at 31 March 2012 and has been updated to 30 September 2018 by a qualified independent actuary.

The main assumptions used for the purposes of FRS102 are (in nominal terms):

	30/09/2018	30/09/2017
Discount Rate	2.95%	2.65%
Expected return on scheme assets	2.95%	2.65%
Pension increase in payment at the 5% LPI rate based on RPI	3.35%	3.30%
Pension increase in payment at the 2.5% LPI rate based on RPI	2.25%	2.25%
RPI	3.50%	3.45%
CPI	2.50%	2.45%

#### Expected Return on Assets

The assets of the scheme and the net expected long-term return on these assets are:

	At 30/09/2018		At 30/09/2017	
	Rate of return	Value £000	Rate of return	Value £000
Gilts	-	-	(5.79%)	13,867
Bonds	-	-	(3.23%)	3,454
Insured Annuity Contracts	(28.7%)	14,614	5.0%	301
Cash/ Other	0.0%	44	0.0%	35
<b>Total Fair Value of Assets</b>		<b>14,658</b>		<b>17,657</b>

## NOTES TO THE ACCOUNTS

### 6. PENSION COSTS - CONTINUED

#### Reconciliation of the Present Value of Scheme Liabilities and Fair Value of Assets to the Asset and Liability Recognised in the Balance Sheet

	30/09/2018 £000	30/09/2017 £000
Fair Value of Assets	14,658	17,657
Value of Liabilities (defined benefit obligation)	(14,610)	(17,347)
Funded status	<u>(48)</u>	<u>(310)</u>
Surplus restriction	<u>48</u>	<u>310</u>
<b>Recognised Pension Asset</b>	<u><b>NIL</b></u>	<u><b>NIL</b></u>

The excess ('surplus') of the fair value of scheme assets over the present value of the scheme liabilities can be recognised as an asset of the employer in the employer's balance sheet only in so far as the employer is able to recover this surplus (either through reduced contributions in the future or through refunds from the scheme).

Where the employer cannot recover the surplus, then the employer cannot recognise any of the surplus as an asset. In these circumstances, the pension scheme is shown as 'nil' value on the employer's balance sheet.

The company's defined benefit scheme was closed to new entrants and to future accrual with effect from 30 June 2014.

#### Total Expense Recognised in the Income and Expenditure Account

	30/09/2018 £000	30/09/2017 £000
Past service costs including curtailments	(940)	-
Restrictions on past service cost	940	-
Restriction on expected return on assets	(105)	-
Interest cost on obligation	<u>105</u>	<u>-</u>
<b>Total Income and Expenditure Charge</b>	<u><b>-</b></u>	<u><b>-</b></u>

## NOTES TO THE ACCOUNTS

### 6. PENSION COSTS – CONTINUED

#### Changes in the present value of the defined benefit obligation

	30/09/2018 £000	30/09/2017 £000
<b>Opening defined benefit obligation</b>	<b>17,347</b>	18,176
Interest cost on obligation	431	424
Remeasurement (gains) and losses –		
Remeasurement (gains) and losses –	(1,123)	(986)
experience (gains) and losses	(440)	-
Past service costs including curtailments	(940)	-
Benefits paid	(665)	(267)
<b>Closing defined benefit obligation</b>	<b>14,610</b>	17,347

#### Changes in the fair value of Scheme Assets

	30/09/2018 £000	30/09/2017 £000
<b>Opening fair value of Scheme Assets</b>	<b>17,657</b>	18,173
Interest income	536	424
Remeasurement gains – return on scheme assets excluding interest income	(6,349)	(673)
Employer Contributions	3,479	-
Benefits paid	(665)	(267)
<b>Closing fair value of Scheme Assets</b>	<b>14,658</b>	17,657

## NOTES TO THE ACCOUNTS

### 6. PENSION COSTS – CONTINUED

#### Total amount taken to Other Comprehensive Income

	30/09/2018 £000	30/09/2017 £000
Actuarial return on scheme assets – gains	(5,813)	(249)
Less: amounts included in net interest on the defined benefit liability	<u>(536)</u>	<u>(424)</u>
Remeasurement gains – Return on scheme assets excluding interest income	(6,349)	(673)
Remeasurement (gain)/losses – actuarial gains and (losses)	1,123	986
Remeasurement gains – experience gain	440	-
Surplus restriction	<u>1,307</u>	<u>(310)</u>
<b>Remeasurement gain/(loss) recognised in other comprehensive income</b>	<u><b>(3,479)</b></u>	<u><b>3</b></u>

## NOTES TO THE ACCOUNTS

### 7. TANGIBLE FIXED ASSETS

	Freehold Premises £000	Building Improvement £000	Fixtures & Fittings £000	Office Equipment £000	IT Equipment £000	Total £000
<b>Cost</b>						
At 1 October 2017	1,046	1,603	607	193	206	3,655
Additions during year	-	-	-	25	33	58
Disposals	-	-	-	(17)	(14)	(31)
At 30 September 2018	1,046	1,603	607	201	225	3,682
<b>Depreciation</b>						
At 1 October 2017	419	534	428	172	187	1,740
Charge for the year	21	80	51	14	14	180
Released on disposal	-	-	-	(14)	(14)	(28)
At 30 September 2018	440	614	479	172	187	1,892
<b>Net Book Value</b>						
At 30 September 2018	606	989	128	29	38	1,790
At 30 September 2017	627	1,069	179	21	19	1,915

All assets are used for the charitable activities of RCOT.

There was no amount of capital authorised and contracted for as at 30 September 2018

## NOTES TO THE ACCOUNTS

### 8. INVESTMENT IN SUBSIDIARY UNDERTAKING

	2018 £	2017 £
Shares at cost in subsidiary undertaking - Royal College of Occupational Therapists	3	3

BAOT owns 100% of the ordinary share capital of RCOT which is incorporated in Great Britain.

RCOT address 106-114 Borough High Street, London, SE1 1LB

The principal activity of RCOT (Registered Charity in England and Wales No.275119 and in Scotland No SCO39573) is the promotion of the science of occupational therapy and the training and education of occupational therapists.

### 9. FIXED ASSET INVESTMENTS

	Market Value 1/10/17 £000	Additions £000	Disposal Proceeds £000	Net Gains £000	Market Value 30/9/18 £000
UK Equities	3,981	2,295	(954)	(47)	5,275
Alternatives	80	524	(111)	11	504
Fixed Income	344	953	(307)	(42)	948
Overseas Equities	971	1,876	(746)	190	2,291
<b>Sub-total</b>	<b>5,376</b>	<b>5,648</b>	<b>(2,118)</b>	<b>112</b>	<b>9,018</b>
Cash held in investment portfolio	186				324
<b>TOTAL</b>	<b>5,562</b>				<b>9,342</b>

During the year the College invested £2.5m with a new investment manager, Close Brothers, and in addition invested an additional £1m with HSBC Private Bank.

The total cost of investments held by the College at 30 September 2018 was £8,659,099 (2017 - £4,803,760).

## NOTES TO THE ACCOUNTS

### 10. DEBTORS

	2018 £000 Group	2017 £000 Group	2018 £000 Parent	2017 £000 Parent
<b>Amounts due within one year</b>				
Trade Debtors	195	54	-	-
Due from Subsidiary Undertaking	-	-	107	-
Other Debtors	18	22	-	-
Prepayments and Accrued Income	300	304	-	-
	<b>513</b>	<b>380</b>	<b>107</b>	<b>-</b>

### 11. CREDITORS

	2018 £000 Group	2017 £000 Group	2018 £000 Parent	2017 £000 Parent
<b>Amounts due within one year</b>				
Trade Creditors	288	151	-	-
Taxes & Social Security	375	531	-	-
Due to Subsidiary Undertaking	-	-	-	83
Other Creditors	-	32	-	-
Accruals & Deferred Income	679	567	264	264
	<b>1,342</b>	<b>1,281</b>	<b>264</b>	<b>347</b>

The amount of Deferred Income at the beginning of the year within the Group was £35,842. During the year, the whole of this amount was released to the Income and Expenditure account, while a further £262,369 of income was created. The balance of Deferred Income at 30 September 2018 within the Group was £262,369.

There was no Deferred Income in the Parent either at the beginning or the end of the year.



## NOTES TO THE ACCOUNTS

### 12. SHARE CAPITAL

BAOT is a company limited by guarantee. In the event of liquidation, each member's liability is limited to £1.

### 12. RECONCILIATION OF MOVEMENT IN SHARE CAPITAL AND FUNDS

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Net Surplus for the financial year	<b>(2,471)</b>	<b>1,473</b>
Shareholders' funds at 1 October	<b>17,468</b>	<b>15,995</b>
	<hr/>	<hr/>
Shareholders' funds at 30 September	<b>14,997</b>	<b>17,468</b>

### 13. ANALYSIS OF CHANGES IN NET FUNDS

	<b>At 1</b>	<b>Cashflows</b>	<b>At 30</b>
	<b>October</b>		<b>September</b>
	<b>2017</b>		<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	3,114	(1,098)	<b>2,016</b>
Cash held as liquid investment	7,778	(5,100)	<b>2,678</b>
Cash held in investment portfolio	186	138	<b>324</b>
	<hr/>	<hr/>	<hr/>
	<b>11,078</b>	<b>(6,060)</b>	<b>5,018</b>

## NOTES TO THE ACCOUNTS

### 14. TRANSACTIONS WITH RELATED PARTIES

The balance of income over expenditure is paid to RCOT, a wholly owned subsidiary. This is in line with a Council decision. The amount to be transferred for the year ended 30 September 2018 is £6,497,039 (2017 - £6,368,017). The outstanding balance owed by RCOT at the yearend is £107,067 (2017 due to RCOT – £82,659).

The total amount of expenses reimbursed to 9 Council members during the year was £19,984 (2017 - £13,822 paid on behalf of 9 Council members).

Occupational therapists employed by RCOT have their subscriptions paid to BAOT by RCOT. These subscriptions, which are paid at normal rates, totalled £4,826 for the year.

During the year three council members supplied consultancy, advice and support services to RCOT. The total amount received by the council members was £2,841.

**Statement required by Section 32A of the Trade Union and Labour Relations (Consolidation) Act 1992.**

A member who is concerned that some irregularity may be occurring, or have 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 such one or more of the following as it seems appropriate to raise it 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 the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.