

(FOUNDED 1918)  
PATRON: HRH THE PRINCE OF WALES



## Annual Report & Accounts

As at 31 December 2015

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Registered Charity No: 1066994

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Company limited by guarantee. Company Registration No. 3482958 (England and Wales). Registered Office Address as above

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## **Reference and Administrative Detail**

### **Structure, Governance and Management**

#### **Governance**

The British Orthopaedic Association (BOA) is a registered Charity (Reg. 1066994) and a Company (Reg. 3482958). Limited by Guarantee. Not having a Share Capital, in terms of the Companies Act 2006, we are governed by the Memorandum and Articles of Association which came into force on 12 December 1997, and by our Rules, as published in our annual Handbook.

#### **Council**

The Council is the governing body of the Association and the elected members of the council are its trustees. Council consists of a maximum of 12 elected surgical fellows; 6 elected officers and up to 12 ex-officio members representing specific interests attend council meetings. Trustees have voting rights; holders of ex-officio posts do not.

Trustees are elected by a postal ballot each serving for three years. Four of the elected trustees shall retire each year and thereafter shall be eligible for re-election after one year's retirement. Each year Fellows of the Association are invited to nominate candidates for Council, each nomination must be proposed and seconded by a Fellow of the Association and endorsed with the candidate's written consent to stand.

In the event of an equality of votes, the council will determine the candidate(s) for election by a majority vote.

All new Trustees are issued with the Charity Commission booklet on their duties and responsibilities. They also receive a pack of briefing papers as recommended by the Charity Commission; are asked to sign the Trustees' Conflict of Interest form; and to provide information for the Register of Interests. A more comprehensive Trustee induction process, including a presentation covering our full range of business and desk-side briefings by the BOA staff, has been put in place.

The full Council in 2015 consisted of 29 members some members serving in a dual capacity (i.e. both elected and ex-officio).

A staff of 19 headed by the Chief Executive supports strategy and policy development; communications and media engagement; education programmes; financial planning, budgeting and management; fundraising and public engagement; information systems; events management; membership issues and benefits and specialist societies.

## **Council Business in 2015**

The BOA Council met five times in February, April, July, September and December.

Key strategic decisions and/or endorsements covered a wide spectrum of business:

### Finance, Resources and Membership

- Detailed balance of investment and resource issues throughout the year arising from the annual review of the BOA's investment funds and the quarterly finance/performance reports produced by the staff
- Approval of the BOA's Annual Report and Accounts for 2014
- A new subscription arrangement with the Bone and Joint Journal for Specialty and Associate Specialist (SAS) surgeons
- Engagement at our Specialist Society annual meetings through the BOA exhibition stand and attendance from Executive members
- Planning for Project 2020.

### Professional Practice

- The BOA is in the process of developing implementation guidance for Getting It Right First Time (GIRFT). This will be distributed to all BOA members and Clinical Directors
- The Quality and Outcomes (Registries) Work Stream has progressed well in the past year
- The BOA is currently reviewing four of its National Institute for Health and Care Excellence (NICE) accredited Commissioning Guides and is continuing to develop its network to engage with Clinical Commissioning Groups (CCGs). Specifically, the BOA is recruiting Clinical Champions at individual Trusts to engage their local CCGs
- Tariff Developments: the BOA responded to the Department of Health (DH) "consultation on proposals for revising the objection mechanism to the pricing method". The BOA also issued a joint statement with Monitor and NHS England in 2015 on proposals for 2016/17, indicating that all three organisations would collaborate to improve Tariff in Orthopaedics going forwards

- Arthritis and Musculoskeletal Alliance (ARMA) and NHS England Clinical Networks: the BOA continues to contribute to the ARMA Clinical Networks programme, in parallel to the BOA's other work on MSK Commissioning
- Consultations: the BOA responded to a number of consultations by public bodies, including NICE Guideline Consultations, an NHS England Consultation concerning Spinal Clinical Reference Groups, and the DH Consultation on its mandate to NHS England to 2020.

### Training and Education

- Wikipaedics is progressing well, and there is the potential to integrate Wikipaedics and UK In-Training Examination (UKITE) on the same platform in the future
- The BOA education and revalidation committee developed an undergraduate T&O syllabus; this has been circulated to all medical schools in the UK for comment. These comments will be reviewed and any changes incorporated into the syllabus
- The National Clinical Leaders programme: applications to the programme are high and the BOA is working closely with approved Trusts to ensure a high calibre of fellow
- The BOA has offered a number of travelling fellowships to members who are home associates or SAS members. Various organisations and individuals provide sponsorship for the BOA travelling fellowships, with 18 fellowships available
- The annual congress programme this year includes many of the BOA specialist societies who are holding revalidation, free paper or general update sessions. In addition to specialist societies the BOA also hold a number of broader professional issues sessions throughout the programme, as well as offering sessions to other organisations who have a direct interest in T&O.

### Patient Liaison Group

- The BOA Patient Liaison Group (PLG) has been involved in various working groups including the Consultant Outcome Publication Manual for National Clinical Audits and at the Global Alliance for MSK Health of the Bone and Joint Decade
- In addition the PLG has developed key patient documents such as Communication and Liaison with Major Trauma Patients and Next of Kin and Day Case Elective Major Joint Replacement – a step too far. The PLG held a successful session at the BOA Annual Congress as well as participating in many of the broader professional sessions throughout the Congress.

## Research

- The BOA Orthopaedic Surgery Research Centre (BOSRC) is developing new multi-centre clinical trials; the findings of such will be directly and immediately applicable to healthcare in the UK
- Close working with the James Lind Alliance Priority Setting Partnerships in surgery for shoulder pain and treatment of hip and knee arthritis
- BOA representation (Research Committee Chair) on the Arthritis Research UK (ARUK) Scientific Strategy Committee
- Engagement with Orthopaedic Research UK (ORUK) on future funding collaborations.

## Organisational

- BOA representation (using the Presidential Line) on the Royal College of Surgeons (RCS) England Council
- BOA representation at meetings of the Federation of Surgical Specialty Associations
- A new strategic relationship with the Indian and Chinese Orthopaedic Associations.

The BOA Council is supported by the Executive Group and a number of other committees responsible for delivery specific aspects of our mission and strategy.

## Specialist Societies of the BOA

We could not fulfil our objectives without the collaboration of our 22 affiliated Specialist Societies. These are of huge importance to us as key contributors to our Annual Congress, clinical guidelines, commissioning guidance, trauma advisory sheets, overall policy development and delivery of change within the profession.

They Specialist Societies comprise:

- British Association for Surgery of the Knee (BASK)
- British Association of Spinal Surgeons (BASS)
- British Elbow and Shoulder Society (BESS)
- British Hip Society (BHS)
- British Limb Reconstruction Society (BLRS)
- British Orthopaedic Foot and Ankle Society (BOFAS)
- British Orthopaedic Oncology Society (BOOS)
- British Orthopaedic Specialists Association (BOSA)
- British Orthopaedic Sports Trauma & Arthroscopy Association (BOSTAA)
- British Orthopaedic Trainees Association (BOTA)
- British Society for Children's Orthopaedic Surgery (BSCOS)
- British Scoliosis Society (BSS)
- British Society for Surgery of the Hand (BSSH)
- British Trauma Society (BTS)
- Computer Assisted Orthopaedic Surgery Society (CAOS)
- Combined Services Orthopaedic Society (CSOS)
- Indian Orthopaedic Society UK (IOS)UK
- Orthopaedic Trauma Society (OTS)
- Rheumatoid Arthritis Surgical Society (RASS)
- Society for Back Pain Research (SBPR)
- United Kingdom Spine Societies Board (UKSSB)
- World Orthopaedic Concern (WOC)

## Trustees and Senior Staff

### Officers of Council

C R Howie	President to 17/09/15, then Past President
T W Briggs	Immediate Past President to 17/09/15
T J Wilton	Vice President to 17/09/15, then President
I G Wilson	Vice President elect to 17/09/15, then Vice President
A M Nanu	Vice President elect from 17/09/15
D J McBride	Honorary Treasurer from 01/01/15
D Limb	Honorary Secretary from 01/01/14

### Elected Members

2013 – 2015	2014 – 2016	2015 – 2017	2016 – 2018
M F Gargan	R A Brooks	D Clark	S Bendall
M G Matthews	G Giddins	S Donell	K Daly
A M Nanu	I McNab	M Reed	R C Handley
A J Stirling	P Mitchell	A Robinson	J A M Skinner

### Honorary Posts

Archivist	I B M Stephen
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### Key Management

Chief Executive	M Kimmons CB
Director of Events Management	H Choules
Director of Finance	E Fry
Deputy Chief Executive	K Hunt (Left 27 February 2015)
Director of Information Systems	M Knight
Director of Policy and Programmes	R Notay
Director of Communications and Operations	E Storey

Key management remuneration is set in line with the rest of the staff by the Officers of the Association.



**Registered Address**

British Orthopaedic Association  
At the Royal College of Surgeons  
35-43 Lincoln's Inn Fields  
London WC2A 3PE

**Charity Registration Number**

1066994

**Company Registration Number**

3482958

**Bankers**

National Westminster Bank PLC  
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London W1A 1FH

**Auditors**

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10 Salisbury Square  
London EC4Y 8EH

**Solicitors**

Bircham Dyson Bell LLP  
50 Broadway  
London SW1 0BL

**Investment Advisors**

Investec Wealth Management  
2 Gresham Street  
London EC2 7QN

**Employment Advisors**

Ellis Whittam Ltd  
Woodhouse  
Aldford  
Cheshire  
CH3 6JD

## About Us

The BOA is the Surgical Specialty Association for Trauma and Orthopaedics in the UK. We provide national leadership, a unifying focus, and charitable endeavour by:

- Caring for Patients
- Supporting Surgeons

As a charity we care for patients by raising funds for and promoting research into musculoskeletal disorders. We also operate a benevolent fund to support our members in time of need.

As a membership organisation we care for patients and support surgeons by focusing on excellence in:

- Professional Practice
- Training and Education
- Research

The Coat of Arms of the British Orthopaedic Association, shown above, was granted by the King of Arms. The supporters represent Hippocrates holding a ladder from which a rung has been removed as it usually was removed in the treatment for dislocations of the shoulder so that the patient would not break his neck whilst Aesculapius is holding his healing staff. The ladder and scamnum were used to reduce fractures and dislocations up to two centuries ago. The tree is copied from Andry's 'Orthopaedia', probably the first published volume on the prevention and correction of deformity and represents the plane tree beneath which Hippocrates stood at Cos to teach his disciples. The motto 'Recte' can be translated not only as 'straightly', but also uprightly - befitting, proper and good.

The emblem, the tree of Andry, is now also incorporated in the Presidential badges of our fellow associations in the United States, Canada, Australia, New Zealand and South Africa, with an American eagle, a maple leaf, a spray of wattle, a kowhai flower and a giant protea respectively.

## **Our Vision and how we achieve it**

### **Achieving our Vision**

Our vision is a vibrant, sustainable, representative orthopaedic community delivering high quality, effective care to fully informed patients. We seek to achieve this by ensuring that the Government's Health Care commissioning reforms take full account of the need for properly resourced and accessible musculoskeletal services. This is important given the UK's demographics and the fact that musculoskeletal disorders account for annual expenditure of some £5bn: trauma and orthopaedic practitioners really can transform our patients' lives.

### **Our purpose**

We can only deliver on the vision by providing clear national leadership for the trauma and orthopaedic surgical community that is responsible for over one million operations each year in England and Wales alone. That means engaging our patients, offering real value to our members and Specialist Societies, making our charitable work count – especially in the field of research. It also means that we must ensure our voice is heard at the most influential levels in Government, Whitehall, the NHS, and industry. That entails focused advocacy and the clearest possible communication of our core messages. It also entails close working with other key partners in the musculoskeletal arena.

### **Our mission and strategy**

Our mission, therefore, is to advance for the public benefit the practice, art and science of orthopaedic surgery. To do this we have designed a strategy focused on our core objectives of excellence in professional practice, training and education, and research. For each core objective we have developed delivery plans for the short, medium and longer terms. Our Council reviews progress throughout the year.

### **Public benefit from our work**

The trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The trustees further confirm that the activities of the Charity are carried out, in line with its objects, for the public benefit as described below.

Our principal concern is to ensure that patients under our care receive high quality treatment. In order to achieve this, we must support trauma and orthopaedic surgeons throughout their careers. We do this in a number of ways, based on our three core objectives of excellence in:

- Professional Practice
- Training and Education
- Research

## Presidents' Report for 2015

At the end of 2014 we were poised to implement the Getting It Right First Time Report (GIRFT). Other events were occurring on the national stage, notably the NHS Procurement and Efficiency Review led by Lord Carter of Coles, whose interim report highlighted the potential broader applicability of the GIRFT methodology. As a consequence of this, the General Election, and a number of critical issues related to the secure flow of NHS data, a pause ensued.

We were not, however, idle. During the last half of 2015 further GIRFT and related developments unfolded. Trauma and orthopaedic programmes were concluded in Wales and Scotland, the methodology was broadened to encompass eight additional specialities, and Professor Tim Briggs was appointed to a senior role as the Department of Health's National Director for Clinical Quality and Efficiency.

As we write at year end, a GIRFT programme for Northern Ireland is imminent and our detailed implementation guidance for England is about to be issued following full involvement of our Patient Liaison Group (PLG): under the leadership of the Clinical Director for Trauma and Orthopaedics, units will use GIRFT dashboard data across a range of parameters to review their performance periodically. In parallel, we are encouraging all surgeons to share with colleagues their individual National Joint Registry (NJR) data. The resultant information exchange should provide further rich texture to unit level discussion, which will concentrate on continuous, evidence based quality improvement (including optimum numbers of procedures and implant selection) enabled by highly focused and effective clinical leadership: all to the benefit of our patients who should experience even better care as a consequence.

GIRFT is one important component of our contribution to the transparency agenda. The Consultant Outcome Publication (COP) programme is another. Here we, and our affiliated Specialist Societies, have worked closely with the NJR to focus considerable effort on effective variance analysis and sensible outlier management at the national level. Our message is clear: variation in the quality of trauma and orthopaedic care can be good or bad, the important thing is to understand it. In that context, we know that the term 'outlier' can stigmatise, as can the associated alert mechanisms. This in turn can act as a barrier to sensible quality improvement, especially given the known paucity of robust data at the individual surgeon level.

This is a very real concern for surgeons and we have witnessed at first hand the consequences in the development of our Quality Outcomes (or Registries) work stream.

That said, the BOA's position on transparency is unequivocal: we fully support public visibility of surgical outcomes data and strongly recommend that this should be published at unit level - as already happens with the National Hip Fracture Database (NHFD). Patients will be better informed because unit level data is sufficiently robust for this purpose and therefore incontrovertible. Moreover, with its focus on quality improvement the GIRFT

implementation approach outlined above should ensure early unit level visibility of problems as they arise. We have developed a comprehensive data transparency position statement which may be found at [www.boa.ac.uk/practice/boa-data-position-statement](http://www.boa.ac.uk/practice/boa-data-position-statement).

Our Quality Outcomes programme (part funded by NHS England) for the emergent orthopaedic registries has made significant progress. In addition to assembling a substantial suite of essential information in this area, we have also developed a harmonised set of principles for the operation of registries; are working on a standard service provision contract; and have evolved a concept – the Trauma and Orthopaedic Registries Unifying Structure (TORUS) – to enable the BOA to provide enhanced central support. We are currently working through the TORUS detail with the individual registries, concentrating in particular on data controllership, transparency and variance analysis.

Quality applies equally to the commissioning of trauma and orthopaedic services for patients across the care continuum. Our work here is on multiple fronts: we engage with individual CCGs to assist with the trauma and orthopaedic element of local MSK services; produce and promote commissioning guidance (see [www.boa.ac.uk/practice/commissioning-guidance-documents](http://www.boa.ac.uk/practice/commissioning-guidance-documents)) in conjunction with the trauma and orthopaedic specialist societies; work closely with NICE on the formulation of their clinical guidelines relevant to our speciality – a recent example was the publication of a comprehensive suite of trauma guidance; are actively involved with others in developing transferrable competencies for the national MSK workforce in England; are close collaborators with the ARMA and NHS England in building the national MSK knowledge network; and maintain strong links with the trauma and orthopaedic healthcare delivery systems in the devolved nations. We also produce auditable standards for trauma care (see [www.boa.ac.uk/publications/boa-standards-trauma-boasts](http://www.boa.ac.uk/publications/boa-standards-trauma-boasts)) and co-ordinate hip fracture service reviews for hospitals on request.

Given our emphasis on quality, continuous professional development (CPD) permeates all our training and educational activity. 1,800 surgeons attended our 2015 Annual Congress in Liverpool for a rich programme themed around Professionalism, Responsibility and Respect. The Congress complements our affiliated Specialist Society meetings: together they deliver a comprehensive package of trauma and orthopaedic CPD to meet the requirements of surgical revalidation. We continue to refine the content of our annual Instructional Course (IC) for surgeons in training and in 2014 introduced a new, interactive case based discussion format better to meet their needs. This was successful and we have further improved the format for IC 2016. In parallel, our curriculum based e-learning programme – Wikipaedics – has developed to the point where we are ready to identify, select and deploy the delivery platform by September 2016. At the same time, we intend to re-engineer and integrate the UKITE platform with our other information systems.

Research advances surgical science and we are making a substantial investment, including a new and exciting relationship with ORUK: a dedicated section later in this report highlights our achievements during 2015.

In summary, 2015 was busy and 2016 promises to be equally so. As a charity we fully embrace the principle of close third sector/NHS collaboration to the public benefit: the result is enhanced and better value care for our patients, while supporting surgeons. It is intense yet rewarding work that would not be possible without the unstinting support of our clinical volunteers, PLG, affiliated Specialist Societies and staff: we pay tribute to their enormous dedication and contribution.



**Professor Colin Howie**  
**Immediate Past President**



**Tim Wilton**  
**President**

## Chief Executive's Report for 2015 – Objectives, Risks and Achievements

As CEO my principal responsibility is to ensure that we create, sustain and employ the BOA's finite resources, balanced by effective risk management, so that we achieve our planned objectives. In order to do this we must first and foremost offer a compelling value proposition to our current and prospective members across all our activities. This applies as much to the here and now as it does to the future: it has been the staff team's unrelenting focus throughout 2015. The table below describes the principal objectives, risks and achievements for the year:

Objectives and Risks	Achievements
<p><b>Membership:</b></p> <ul style="list-style-type: none"> <li>• Sustain and grow the BOA membership by enhancing our value offer and reputation</li> </ul> <p><b>Key risk:</b> losing members as a consequence of economic pressures and perceptions of reduced clinical relevance</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Increased the membership by 15% in 2015</li> <li>• Invested in new staff talent by recruiting an experienced Membership and Marketing Officer</li> <li>• Continued to focus on and enhance our SAS Surgeons offering</li> </ul>
<p><b>Communication and Engagement:</b></p> <ul style="list-style-type: none"> <li>• Communicate the work of the BOA and trauma and orthopaedic surgeons effectively to our member and wider audiences</li> </ul> <p><b>Key risk:</b> failing to engage our membership, prospective members and affiliated Specialist Societies effectively, losing essential visibility as a consequence</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Increased our social media presence substantially</li> <li>• Further enhanced the quality content in the Journal of Trauma and Orthopaedics (JTO)</li> <li>• Ensured a senior BOA presence at as many Specialist Society meetings as possible – as podium speakers and for networking</li> <li>• Deployed the BOA stand and staff to Specialist Society meetings</li> </ul>
<p><b>Finance and Organisation:</b></p> <ul style="list-style-type: none"> <li>• Finance – complete the annual audit to time and on budget; recoup Gift Aid outstanding from previous years; recover outstanding registration income from EFORT 2014 in London; introduce a comprehensive set of Crystal reports with which to exploit the Integra Database and enable more effective budgeting in 2016</li> <li>• Organisation – restructure the staff to promote a greater sense of empowerment through effective team working</li> </ul> <p><b>Key risk:</b> failure to do our job</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Completed all our finance objectives</li> <li>• Effected the restructuring in the first quarter of 2015 – empowerment and team working are being actively pursued</li> </ul>
<p><b>Charitable Endeavour:</b></p> <ul style="list-style-type: none"> <li>• NHS/Third Sector collaboration</li> <li>• Continuous improvement of our</li> </ul>	<p>We:</p> <ul style="list-style-type: none"> <li>• Reinforced our reputation for collaborative working (and therefore our influence) with the NHS to deliver public benefit through enhanced patient care and support to surgeons</li> <li>• Streamlined our Fellowship interview</li> </ul>



<p>Fellowship awards system</p> <ul style="list-style-type: none"> <li>Review of the operation of our Benevolent Fund</li> </ul> <p><b>Key risk:</b> loss of influence/external funding/lack of transparency</p>	<p>process</p> <ul style="list-style-type: none"> <li>Have made our Benevolent Fund grant process more transparent by publishing it on the website (under membership benefits)</li> </ul>
<p><b>Professional Practice:</b></p> <ul style="list-style-type: none"> <li>Support the delivery of high quality trauma care provided to vulnerable and/or severely injured patients</li> </ul> <ul style="list-style-type: none"> <li>Provide implementation guidance for Getting It Right First Time (GIRFT) in England</li> <li>Support GIRFT Wales and Scotland</li> <li>Plan for GIRFT Northern Ireland</li> <li>Contribute to the 2015 round of expanded consultant outcome reporting (COP)</li> </ul> <ul style="list-style-type: none"> <li>Develop and deliver the NHS England funded Quality Outcomes programme to support the fledgling orthopaedic registries</li> </ul> <ul style="list-style-type: none"> <li>Close working with Monitor on key issues</li> </ul>	<p><b>We:</b></p> <ul style="list-style-type: none"> <li>Co-ordinated and supported three hip fracture service reviews at the request of Trusts in response to the National Hip Fracture Database annual report</li> <li>Produced five new or refreshed BOASTs (auditable standards for trauma procedures) covering: <ul style="list-style-type: none"> <li>BOAST 2 Version 2, March 2015: Spinal Clearance in the Trauma Patient</li> <li>BOAST 8: The Management of Traumatic Spinal Cord Injury</li> <li>BOAST 9: Fracture Liaison Services</li> <li>BOAST 10: Diagnosis and Management of Compartment Syndrome of the Limbs</li> <li>BOAST 11: Supracondylar Fractures of the Humerus in Children</li> </ul> </li> <li>Have formulated detailed guidance for units</li> <li>Provided senior clinician support to these programmes in close co-ordination with senior officials in Wales and Scotland</li> <li>Engaged with the Chief Medical Officer (CMO) in Belfast</li> <li>Collaborated closely with the NJR over: the detailed requirements for COP 2015; the publication of additional unit level data on relevant websites; our comprehensive response to the HQIP consultation on outlier management</li> <li>Made our position on data transparency at unit level clear to Healthcare Quality Improvement Partnership (HQIP) and others</li> <li>Created a comprehensive information library; developed harmonised principles for registry operation, a standardised provision contract and the TORUS concept which is currently under consideration; submitted a comprehensive report to NHS England</li> <li>Co-developed with Monitor the report entitled 'Helping NHS providers improve productivity in elective care'</li> <li>Formulated a new approach to the T&amp;O tariff for implementation in 2017/18</li> </ul>

<ul style="list-style-type: none"> <li>Engage proactively with CCGs to promote seamless care pathways for T&amp;O patients</li> <li>International promotion of best practice</li> <li>Support to our all-important Patient Liaison Group (PLG)</li> </ul> <p><b>Key risk:</b> reputational damage from delay, failure to act, implement or deliver, or failure to engage</p>	<ul style="list-style-type: none"> <li>Met and communicated with multiple CCGs – in particular North, East and West Devon</li> <li>Refocused Regional Advisers’ clinical networking with commissioners and appointed some 80 BOA clinical champions from Trusts</li> <li>Presented to the Chinese OA on Evidence Based Arthroplasty and Beyond Compliance</li> <li>Co-ordinated the recruitment of two new members</li> <li>Assisted with the PLG’s important contribution to key panel discussions during our annual Congress</li> </ul>
<p><b>Training and Education:</b></p> <ul style="list-style-type: none"> <li>Continue to enhance our CPD and training offers</li> </ul> <p><b>Key risk:</b> failure to capture the interest and attention of our membership; perceptions of poor value for money</p>	<p>We:</p> <ul style="list-style-type: none"> <li>Delivered high quality CPD to a record breaking 1,800 delegates at our 2015 Congress in Liverpool</li> <li>Launched new Congress instructional programmes for medical students and trainees</li> <li>Recruited an experienced developer to support the transition of our Wikipaedics e learning platform from initial to full operating capability</li> <li>Refined further and expanded the reach of the UK In Training Examination UKITE (with generous support from ORUK)</li> <li>Further developed the case based discussion of our Annual Instructional Course for surgeons in training</li> </ul>
<p><b>Research:</b></p> <ul style="list-style-type: none"> <li>Increase the profile of T&amp;O translational research by enhancing the support infrastructure and promoting the case for more funding</li> </ul> <p><b>Key risk:</b> year on year reduction in national research funding for T&amp;O</p>	<p>We:</p> <ul style="list-style-type: none"> <li>Developed further the focus and activities of the BOA Orthopaedic Surgical research Centre at York University</li> </ul>

This agenda of work will continue to be refined, constitutes our core activity and informs our future planning. Performance is tracked quarterly by our Council against a colour coded mind map covering the full spectrum of activity.

In conclusion, 2015 saw no let-up in our activities and placed renewed emphasis on the importance of professional staff support. Accordingly we took the opportunity to review and refresh staff competencies as and when vacancies

arose. By the end of the year, we were well positioned to face the challenges of what promised to be an equally challenging 2016.

At year end our membership had increased by an encouraging 15%. In terms of our financial performance, the £118,443 reduction in the value of our funds that I highlighted at the end of 2014 evened itself out in 2015 as forecast. We finished the year with a surplus of £413,551 and an increase in our reserves.

In closing I would emphasise that these are the headline issues. There is a significant degree of less public facing development work on our agenda as we continue to integrate and harness the full potential of our information and finance systems with the membership database. These essential enablers, as well as a continuous and innovative refresh of our various membership benefits, will demand the full attention of our professional staff.



**Mike Kimmons CB**  
**CEO**

## **Risk Management**

The risks to which the charity is exposed are reviewed regularly by the Trustees. The major risks are considered to be:

- Financial – where a reduction in the value of investment assets is sufficient to undermine the charity's strategic objectives.
- Operational – where processing failures, fraud, or major incidents, impede the charity's ability to function effectively, and thus to deliver its charitable objectives.
- Compliance – where a failure to comply with charity law, the general law, and the founding Trust Deed, compromises the charity's status and its future.

The BOA's individual risks are identified and outlined in the Chief Executive's report (page 16-19).

Ensuring that these, and other risks, are managed appropriately is central to the Trustees' governance, which is the subject of continuing attention. Systems and procedures for risk management are reviewed at Trustees' meetings. A risk register is updated regularly, and the performance of the professional managers employed to manage the charity's substantial investment assets is monitored closely.

## **Finances**

### **Investments**

Our Trust Deed states that monies for investment shall be invested in the name of the Company by the Trustees in any investments permitted by law for the investment of Trust Funds. The Trustees may at any time and from time to time vary such investments for others of like nature.

Investments held for our Strategic Fund and its designated funds could, if necessary, be realised within a short space of time to meet unforeseen commitments incurred by the Association, such as legal, other consultancy or professional expenses. Investments held for our Benevolent Fund are maintained to support possible future claims.

### ***Investment Policy***

In general our policy is for the funds to be managed to obtain best returns from both bank interest and dividend income. We discuss portfolio construction and asset allocation regularly with our investment advisers, and interest rates are compared with others available in the market place to ensure they are competitive.

Our investment policy objectives are met by investing prudently in a broad range of fixed interest securities and equities which are quoted on a recognised Investment Exchange, unit trusts, and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000.

All our funds have ethical restrictions on investments in any company whose principal business is the manufacture or supply of, or trading in, armaments and tobacco products. No initial investment should exceed 10% of the total value of the funds under management. No 'pooled' investment should represent more than 15% of the overall portfolio when purchased.

The funds should not be invested in high risk investments including warrants, futures, contracts for difference, options and other type of derivatives unless such investments are used to moderate risk.

### ***Investment Report***

The WM Index which represents average charity performance had a growth of 4.3% for 2015.

Our primary focus during these turbulent times was to ensure that the charity's short-term liabilities were being met, and secondly that the portfolios remained well positioned to provide good growth prospects in the longer term. The following paragraphs outline the purpose and performance of individual restricted and unrestricted funds. For each of the non-cash funds we have adopted a cautious, balanced approach and will continue to do so throughout 2016 with a focus on longer term returns.

### ***Strategic Fund***

Capital for future strategic projects – such as relocation or premises redevelopment. For convenience this fund also comprises a small investment income which is used to cover the costs of the Howard Steel and Naughton Dunn lectures given at our Annual Congress.

This fund is invested along balanced lines. The return for the year was 3.2% against a benchmark of 5.2%.

### ***Operational Fund (cash):***

Intended for planned in year expenditure on staged payments for Congress and other course venues, website development and professional expenses.

### ***BOA and Joint Action Reserve Fund:***

To meet the aims of the Reserves Policy (see page 22) the fund is invested along balanced lines and the return for the year was 3.4% against a benchmark of 5.2%.

### ***Benevolent Fund:***

Intended to meet the needs of our members and their families who find themselves in distressed circumstances. The fund is invested along balanced lines and the return for the year was 4.5% against a benchmark of 5.2%.

**Research Fund (Cash):**

To meet Joint Action research grant allocations.

**Soli Lam Fund:**

This is made up of two endowments. The first is for a restricted spinal fellowship fund. The second received in 2013 as a legacy from Soli Lam is restricted to traveling fellowships. The fund is invested for income and growth. The return for the year was 2.7% against a benchmark of 4.9%.

**Ram Kumar Chatterjee Fund:**

An endowment fellowship fund. The fund is invested for income and growth. The return for the year was 4.6% against a benchmark of 4.9%.

**Unrestricted investment income**

Our aim is to maximise this source of funding to subsidise expenditure on fellowships, awards and prizes, representational and governance costs for which we do not have specific income streams.

Total unrestricted investment income earned by the Strategic, Operational and combined Reserve Funds in the year was £71,566 (2014: £74,936).

**Restricted investment income**

Restricted investment income of £57,694 (2014: £57,752) earned in the year is split between three funds, the Benevolent Fund, the Soli Lam Scholarship Fund, the Ram Kumar Chatterjee Fund:

- Benevolent Fund income for the year was £12,625 (2014: £12,206)
- Investment income from the Soli Lam Endowment Fund was £32,736 (2014: £33,139)
- Investment income from the Ram Kumar Chatterjee Fund was £12,333 (2014: £12,410)

**Reserves Policy**

The primary aim of our reserves policy is to hold sufficient funds to maintain our long-term sustainability and manage short-term volatility in income or liquidity. This is to ensure that we can:

- Continue to meet our financial commitments;
- Balance sound investment with good liquidity management; and
- Avoid short-term decisions to the detriment of our longer-term vision.

Accordingly we aim to:

- Accumulate and sustain unrestricted reserves equivalent to six months running costs (£1,183,590); and
- Maintain our Strategic investment fund to cover future developments (£1,379,070) including;

- New information system acquisitions
- Development of a new e-learning platform

Having aimed for an unrestricted reserve total of £2,562,660 at the end of 2015 our actual reserve was £2,607,300 – up from £2,536,707 in 2014. Having reviewed the position, our Trustees are satisfied that this level of reserves is appropriate, given the economic outlook.

## **Grant Policy**

As described in last year's report, our grant policy changed in 2014 when we shifted from a focus on small pump priming grants for basic science research to a single consolidated grant of circa £60,000 per annum over a three year period to fund the BOA Orthopaedic Surgery Research Centre (BOSRC) at the York Trials Unit. The aim of the BOSRC is to increase substantially the profile of T&O research. The programme will be fully evaluated for success in 2016/17.

## **Going Concern**

The BOA has cash reserves and has no requirement for external funding. The Trustees have a reasonable expectation that the BOA has adequate resources to continue in operational existence for the foreseeable future. They continue to consider the going concern basis of accounting is appropriate in preparing the annual financial statements.

## **Assets**

The tangible fixed assets shown on the balance sheet for the (previous) General Fund and its designated sub funds include our information systems equipment and software, office equipment and furniture, and Presidential regalia. These are all enablers that are essential to our day to day activity.

## **Incoming Resources**

Restricted legacy income increased from £100,319 in 2014 to £428,674 in the year, an increase of £328,355. Unrestricted legacy income of £56,964 was received in 2015 (2014: £0).

Our policy is to promote legacy income by direct advertisements to the profession at large through the Journal of Trauma and Orthopaedics and through appeals to our public supporter base. We have a contract with Smee and Ford to monitor other possible sources of legacies.

Income derived from fundraising activities decreased by £22,805 to £132,321 (2014: £155,126). Investment income from bank interest deposits and dividends received decreased by £3,428 from £132,688 in 2014 to £129,260 in 2015. Dividend income decreased by £3,427 while bank interest decreased by £2.

Our two principal income streams are membership subscriptions and our Annual Congress:

- Membership income increased in 2015 due to a 15% increase in member numbers.
- The Annual Congress income increased by £511,744 as we moved back to our normal four day Congress in 2015.
- Income from courses and exams increased by £55,296.

We received two years funding (2014/2016) of £120,000 from HQIP for the Quality Outcomes/Registry work stream programme with £50,000 expended in 2015.

### **Resources expended**

There was a minor increase in fundraising expenses in the year.

An overall increase in 2015 of £412,247 on the costs for 2014 is attributable principally to the following as referred to on pages 4 -19:

- Return to our normal 4 day Congress
- The higher administrative costs required to service member benefits for 15% more members
- Deployed the BOA stand and staff to specialist society meetings
- Further development of our Wikipeadics e-learning platform
- Running the UKITE platform
- Hosting the ABC and ASG fellowships in the UK

### **Summary**

In conclusion, there was a total increase in income of £987,750 and an increase in total expenditure of £412,247 compared to the 2014 figures. The result for the year after net investment gains was a surplus of £413,551 in contrast to a deficit in 2014 of £118,443. This is set out in detail in our Statement of Financial Activities (page 30), Comparative Statement of Financial Activities (page 31), Balance Sheet (page 32), Cash flow Statement (page 33) and the accompanying notes (pages 34-47).

### **Future developments**

Looking ahead, in accordance with our strategic objectives and motto of caring for patients, supporting surgeons, we plan to achieve and/or deliver the following principal initiatives in 2016:



- A sustained increase in our membership with a particular focus on SAS surgeons
- Publication of the T&O contribution to delivery of NHS England's Five Year Forward View
- The initial implementation of the GIRFT evidence based, outcome focused, continuous quality improvement programme across the NHS in England, with the BOA providing national leadership and support to both T&O Clinical Directors in hospitals and surgeons generally
- Support to the Department of Health's separate spinal GIRFT initiative, which will subsequently be fully integrated into the broader national programme
- The potential development of initial work (via the BOSRC) to derive a composite Clinical Services Quality Marker for trauma services
- A further extension of our suite of audit standards for trauma (BOASTs)
- A new approach to clinical guidelines for elective orthopaedic care - potentially via the introduction of an audit standard methodology similar to that of the BOASTs
- Development work in close conjunction with the relevant Specialist Societies to realise the TORUS, enabling the constituent emerging registries to increase significantly their future profile and scale of operation
- Collaborative strategic work with NHS Improvement, Digital and England to develop a more effective and realistic tariff for T&O procedures
- The further development of our BOA regional and local T&O clinical networks aimed at delivering more effective interaction with GPs and other clinicians (in particular physiotherapists)
- Continuing support to ARMA in the development of broader national MSK networks. The focus here is on knowledge sharing, competencies of the community based multidisciplinary MSK team, and generic pathways
- Continuing constructive engagement with the Private Healthcare Information Network (PHIN) charged with progression of the CMA mandate to provide enhanced public visibility of consultant private practice activity
- A comprehensive programme of CPD for T&O surgeons at our Belfast Congress and further refinement of our instructional course for trainees
- The launch (at Belfast) of our Wikipaedics e-learning platform mapped to the T&O curriculum. Given the complexity of the content, this will take the form of an initial operating capability with incremental development and completion of sections sequenced over the ensuing months
- A comprehensive evaluation by the end of the year of the BOSRC in order to inform and shape our future research priorities and activity.

## **Statement of Trustees' responsibilities**

The trustees are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming/outgoing resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each trustee is aware, there is no relevant audit information of which the company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a company director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **Auditors**

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor for the next financial year.

This report was approved by the trustees of the Charity on 29 June 2016, in their capacity as company directors, and signed on its behalf by the Honorary Treasurer, Donald McBride and Past President, Professor Colin Howie.



**Professor Colin Howie BSc, MB ChB, FRCS Ed, FRCS Ed (Orth)**

**(President for the year under review)**

**Date of approval: 29 June 2016**

## **Independent Auditor's Report to the Members of The British Orthopaedic Association**

We have audited the financial statements of the British Orthopaedic Association for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows and the related notes numbered 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) 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.

### **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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Nicola May

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

**London**

22 July 2016

**British Orthopaedic Association: Statement of Financial Activities (including income and expenditure account)  
for the year ended at 31 December 2015**

	Note	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2015	Total funds 2014
		£	£	£	£	£
<b>Income and endowments from:</b>						
<b>Voluntary income:</b>						
Donations and legacies		56,964	560,995	-	617,959	255,446
<b>Charitable activities:</b>						
Membership		1,196,990	11,740	-	1,208,730	1,173,874
Education		1,000,181	183,350	-	1,183,531	607,736
Professional Practice		70,815	50,000	-	120,815	72,850
Representation		10,200	-	-	10,200	-
Getting It Right First Time		-	-	-	-	50,000
<b>Other Trading Activities</b>		18,948	524	-	19,472	9,623
<b>Investment Income</b>	<b>2</b>	71,566	12,625	45,069	129,260	132,688
<b>Total income and endowments</b>		<u>2,425,664</u>	<u>819,234</u>	<u>45,069</u>	<u>3,289,967</u>	<u>2,302,217</u>
<b>Expenditure on</b>						
Raising funds		-	68,759	-	68,759	68,315
<b>Charitable activities:</b>						
Membership		703,190	(19,426)	-	683,764	570,493
Education		1,164,412	260,931	24,417	1,449,760	1,039,095
Professional Practice		321,646	56,530	-	378,176	410,549
Representation		91,482	-	-	91,482	123,971
Getting It Right First Time		-	4,596	-	4,596	50,331
Research		7,826	-	-	7,826	15,286
Grants		-	88,155	-	88,155	85,486
Investments		24,491	7,502	17,375	49,368	29,972
<b>Other</b>		54,133	2,771	-	56,904	-
Specialist Society Registries		-	-	-	-	73,045
<b>Total expenditure</b>	<b>3</b>	<u>2,367,180</u>	<u>469,818</u>	<u>41,792</u>	<u>2,878,790</u>	<u>2,466,543</u>
<b>Net Income</b>		<u>58,484</u>	<u>349,416</u>	<u>3,277</u>	<u>411,177</u>	<u>(164,326)</u>
Net Gains/(losses) on investment		12,109	5,692	(15,427)	2,374	45,883
<b>Net movement in funds</b>	<b>5</b>	<u>70,593</u>	<u>355,108</u>	<u>(12,150)</u>	<u>413,551</u>	<u>(118,443)</u>
Total funds brought forward		2,536,707	1,127,857	1,186,637	4,851,201	4,969,644
Total funds carried forward	<b>13</b>	<u>2,607,300</u>	<u>1,482,965</u>	<u>1,174,487</u>	<u>5,264,752</u>	<u>4,851,201</u>

All of the above results derive from continuing activities. The Association has no other recognised gains and losses other than those stated above. The accompanying notes numbered 1 to 17 form part of these financial statements.

## Comparative Statement of Financial Activity

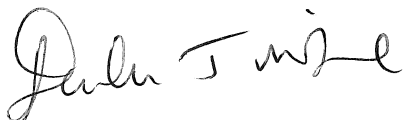
British Orthopaedic Association: Statement of Financial Activities (including income and expenditure account) for the year ended at 31 December 2014

	Note	Unrestricted funds	Restricted funds	Endowment funds	Total funds 2014
		£	£	£	£
<b>Income and endowments from:</b>					
<b>Voluntary income:</b>					
Donations and legacies		-	255,446	-	255,446
<b>Charitable activities:</b>					
Membership		1,122,174	51,700	-	1,173,874
Education		477,305	130,431	-	607,736
Professional Practice		52,017	20,833	-	72,850
Representation		-	-	-	-
Getting It Right First Time		-	50,000	-	50,000
<b>Other Trading Activities</b>		4,202	5,421	-	9,623
<b>Investment Income</b>	<b>2</b>	74,936	12,206	45,546	132,688
<b>Total income and endowments</b>		<b>1,730,634</b>	<b>526,037</b>	<b>45,546</b>	<b>2,302,217</b>
<b>Expenditure on</b>					
Raising funds		-	68,315	-	68,315
<b>Charitable activities:</b>					
Membership		551,911	18,582	-	570,493
Education		834,901	174,194	30,000	1,039,095
Professional Practice		383,121	27,428	-	410,549
Representation		123,971	-	-	123,971
Getting It Right First Time		-	50,331	-	50,331
Research		15,286	-	-	15,286
Grants		-	85,486	-	85,486
Investments		17,843	3,314	8,815	29,972
<b>Other</b>		-	-	-	-
Specialist Society Registries		-	73,045	-	73,045
<b>Total expenditure</b>	<b>3</b>	<b>1,927,033</b>	<b>500,695</b>	<b>38,815</b>	<b>2,466,543</b>
<b>Net Income</b>		<b>(196,399)</b>	<b>25,342</b>	<b>6,731</b>	<b>(164,326)</b>
Net Gains/(losses) on investment		28,391	16,803	689	45,883
<b>Net movement in funds</b>	<b>5</b>	<b>(168,008)</b>	<b>42,145</b>	<b>7,420</b>	<b>(118,443)</b>
Total funds brought forward		2,704,715	1,085,712	1,179,217	4,969,644
Total funds carried forward	<b>13</b>	<b>2,536,707</b>	<b>1,127,857</b>	<b>1,186,637</b>	<b>4,851,201</b>

## British Orthopaedic Association Balance Sheet as of 31 December 2015

	Note	BOA 2015 £	BOA 2014 £
<b>Fixed assets</b>			
Tangible assets	6	2,684	3,087
Intangible assets	7	45,402	76,777
Investments	8	3,968,398	4,009,405
		<u>4,016,484</u>	<u>4,089,269</u>
<b>Current assets</b>			
Stocks		10,556	11,429
Debtors	9	515,878	368,212
Cash at bank and in hand		1,453,474	1,134,057
		<u>1,979,908</u>	<u>1,513,698</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(708,069)</u>	<u>(733,016)</u>
<b>Net current assets</b>		<u><b>1,271,839</b></u>	<u><b>780,682</b></u>
<b>Creditors: Amounts falling due after one year</b>	11	(23,571)	(18,750)
<b>Net assets</b>	12	<u><b>5,264,752</b></u>	<u><b>4,851,201</b></u>
<b>Represented by:</b>			
Unrestricted funds		2,607,300	2,536,707
Restricted funds		1,482,965	1,127,857
Endowment Funds		1,174,487	1,186,637
Total Funds	13	<u><b>5,264,752</b></u>	<u><b>4,851,201</b></u>

The financial statements on pages 30 to 47 were approved by the Trustees on 29 June 2016 and signed on its behalf by:



Trustee

Donald McBride MB ChB, FRCS Ed, FRCSG, FRCS(Orth)



Trustee

Professor Colin Howie MB ChB, FRCS Ed,  
FRCS Ed(Orth)

The accompanying notes numbered 1 to 17 form part of these financial statements



**British Orthopaedic Association**  
**Statement of Cash Flows**  
**For the year ended 31 December 2015**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
Net cash provided by (used in) operating activities (Note 1)	147,526	(124,075)
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	129,260	132,688
Proceeds from the sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	(750)	(2,504)
Proceeds from sale of investments	392,378	715,658
Purchase of investments	(348,997)	(606,072)
<b>Net cash provided by (used in) investing activities</b>	<b>171,891</b>	<b>239,770</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>319,417</b>	<b>115,695</b>
Cash and cash equivalents at 1 January (Note 2)	1,134,057	1,018,362
<b>Cash and cash equivalents at 31 December (Note 2)</b>	<b>1,453,474</b>	<b>1,134,057</b>
<b>Note 1 to the cash flow statement</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities</b>		
Net income / (expenditure) for the year per the SOFA	413,551	(118,443)
<b>Adjustments for:</b>		
Depreciation charges	32,527	35,596
(Gains) on investments	(2,374)	(45,883)
Dividends and interest from investments	(129,260)	(132,688)
Loss/(profit) on the sale of fixed assets	-	-
Decease/(increase) in stocks	873	(1,611)
(Increase)/decrease in debtors	(147,666)	21,471
(Decrease)/increase in creditors	(20,125)	117,483
<b>Net cash provided by (used in) operating activities</b>	<b>147,526</b>	<b>(124,075)</b>
<b>Note 2 to the consolidated cash flow statement</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Analysis of Cash and Cash equivalents</b>		
Cash at bank and in hand	1,453,474	1,134,057
Cash held as short term investments	-	-
<b>Total Cash and Cash equivalents</b>	<b>1,453,474</b>	<b>1,134,057</b>

The accompanying notes numbered 1 to 17 form part of these financial statements

## **Note 1: Accounting policies**

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

### *a) Company information:*

The Charity is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 12 December 1997 (company number: 3482958) and registered as a charity on 19 December 1997 (charity number: 1066994).

### *b) Basis of preparation*

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015. The date of transition to FRS102 was 1 January 2014 and in preparing the financial statements, the Trustees have considered whether the accounting policies required by the standard require the restatement of comparative information. Accordingly, no adjustments have arisen on transition to FRS102 and the New SORP.

The functional currency of the Charity is considered to be GBP because that is the currency of the primary economic environment in which the Charity operates.

After reviewing the Foundation's forecasts and projections, the trustees have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### *c) Critical accounting judgements and key sources of estimation uncertainty*

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the presentation of the financial statements are as follows:

### *d) Company status*

The Charity is a company limited by guarantee. The Trustees are Directors of the Company and in the event of the Charity being wound up; the liability in respect of the guarantee is limited to £1 per member of the Charity.

### *e) Membership subscriptions*

Subscriptions are accounted for in the year in which they become due in full when received except when subscriptions received are for multiple years, in which case those additional years are deferred until the commencement of the appropriate accounting period. Outstanding amounts at the year-end that are considered to be recoverable are shown on the balance sheet.

### *f) Fund accounting*

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the Association and that have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated funds is set out in the notes to the financial statements.

Restricted funds are funds subject to restrictions imposed by donors or the nature of the appeal. The funds are not therefore available for work performed by British Orthopaedic Association other than that specified by the donor.

Endowment funds are comprised of bequests to the BOA which have been invested on the request of the donor to provide on-going fellowships and awards. The income from the endowment funds, Soli Lam Fund and Chatterjee Funds is regarded as restricted. See page 43 for further details.

#### *g) Donations and legacies*

Donations and legacies are included in full in the Statement of Financial Activities when the Charity is legally entitled to the income, when receipt is probable and when the amount can be quantified with sufficient reliability.

#### *h) Resources expended*

Charitable expenditure comprises expenditure related to the direct furtherance of the Association's charitable objectives. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Representation costs cover attendances by the President in his formal capacity at meetings of sister associations and travel and accommodation expenses of nominated British Orthopaedic Association representatives on relevant external organisations.

Staff costs are allocated on the percentage of time spent by staff on each project or aspect of the Association's charitable objectives.

Support costs comprise the operational costs of rent, overheads, IT, telephone, mailing, printing and stationery etc. that have not been directly allocated to projects or charitable activities. They contain some staff costs and are allocated on the same basis as staff costs on time spent by personnel on projects or charitable activities with the aim of ensuring that those costs remaining within governance relate to the strategic as opposed to day to day management of the charity's activities.

Governance costs include those incurred in the governance of its assets and are primarily associated with constitutional and statutory requirements. They are included within the statement of financial activities as a separate component of support costs.

Grants are charged to the statement of financial activities when a legal or constructive obligation exists notwithstanding that they may be paid in future accounting periods.

#### *i) Stocks*

Stocks are stated at the lower of cost and net realisable value. They consist of medals, cups, ties and publications. Publications are only included in stocks if they have a quantifiable lifespan beyond the year in which they are produced.

#### *j) Tangible fixed assets*

Tangible fixed assets costing more than £1,000 have been capitalised. They are stated at cost and amortised over their estimated useful lives on a straight line basis as follows:

Computer equipment - 33% per annum

Office equipment - 10% per annum

Office refurbishment - 20% per annum

#### *k) Intangible fixed assets*

Intangible fixed assets costing more than £1,000 have been capitalised. Intangible fixed assets represent software costs capitalised in accordance with FRS102. These are stated at historical cost and amortised on a straight line basis over the period which revenue is expected to be generated (3 years).

Amortisation is recognised in the statement of financial activities as part of expenditure and is allocated across the expenditure headings on the same basis as Support & Governance costs.

### *l) Operating leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

### *m) Pensions*

The British Orthopaedic Association is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole; the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014. It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The British Orthopaedic Association accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102. The Trustee and Employers have agreed that the Technical Provisions deficit as the 31 March 2014 valuation will be addressed by the employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability to be recognised by The British Orthopaedic Association in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions) is £41,380 as at 31 March 2015. This liability is based on a projection of Salaries over the period to 31 March 2018.

### *n) Taxation*

The British Orthopaedic Association is a registered charity. As such its sources of income and gains, received under Section 466 to 493 Corporation Tax Act 2010, are potentially exempt from taxation to the extent that they are applied exclusively to its charitable objectives. No tax charge has arisen in the year.

### *o) Financial instruments*

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost except for investments which are subsequently measured at fair value with gains and losses recognised in the Statement of Financial Activities.

## Note 2: Investment income

Investment income for the year was derived from the following sources:

	2015	2015	2015	2015	2014
	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total Funds
	£	£	£	£	£
Government Bonds	1,651	436	1,190	3,277	2,464
Bonds	12,033	2,917	6,791	21,741	25,314
Equities	57,850	9,242	37,025	104,117	104,783
Total dividends receivable	71,534	12,595	45,006	129,135	132,561
Bank interest receivable	32	30	63	125	127
	<b>71,566</b>	<b>12,625</b>	<b>45,069</b>	<b>129,260</b>	<b>132,688</b>

## Note 3: Total resources expended

	Direct Costs	Grants	Staff Costs	Support Costs	Governance Costs	Total Costs	Total Costs
			(Note 16)	(Note 4)		2015	2014
	£	£	£	£	£	£	£
<b>Expenditure on:</b>							
Fundraising	20,620	-	24,715	17,640	5,784	68,759	68,315
<b>Charitable activities:</b>							
Membership	326,817	-	181,636	132,844	42,467	683,764	570,493
Education	815,724	-	323,721	234,621	75,694	1,449,760	1,039,095
Professional Practice	54,132	-	166,246	118,926	38,872	378,176	410,549
Representation	62,362	-	14,936	10,682	3,502	91,482	123,971
Getting It Right First Time	4,596	-	-	-	-	4,596	50,331
Research	927	-	3,540	2,529	830	7,826	15,286
Grants	-	73,727	7,429	5,271	1,728	88,155	85,486
Investments	32,984	-	8,450	5,976	1,958	49,368	29,972
Other	19,590	-	21,782	15,532	-	56,904	-
Specialist Society Registries	-	-	-	-	-	-	73,045
<b>Total expenditure</b>	<b>1,337,752</b>	<b>73,727</b>	<b>752,455</b>	<b>544,021</b>	<b>170,835</b>	<b>2,878,790</b>	<b>2,466,543</b>
Expenditure in support of activities	438,339	-	232,930	(544,021)	(127,248)	-	-
	<b>1,776,091</b>	<b>73,727</b>	<b>985,385</b>	<b>-</b>	<b>43,587</b>	<b>2,878,790</b>	<b>2,466,543</b>

## Note 4: Support costs

	Premises	Office	IT &	Finance	Sundry	BHS Support Costs	2015 Total
	£	Man £	Comms £	£	£	£	£
<b>Expenditure on:</b>							
Raising funds	4,821	4,370	2,701	5,574	174	-	17,640
<b>Charitable activities:</b>							
Membership	35,398	32,089	19,831	40,925	1,275	3,326	132,844
Education - Unrestricted	58,562	53,087	32,807	67,706	2,109	-	214,271
Education - Restricted	3,668	3,326	2,055	4,241	132	3,695	17,117
Education - Endowment	884	801	495	1,021	32	-	3,233
Professional Practice - Unrestricted	28,196	25,560	15,796	32,599	1,016	-	103,167
Professional Practice - Restricted	4,206	3,813	2,356	4,863	151	370	15,759
Representation	2,919	2,647	1,636	3,375	105	-	10,682
Research	691	627	387	799	25	-	2,529
Grants	1,441	1,306	807	1,665	52	-	5,271
Investments – Unrestricted	653	592	366	755	24	-	2,390
Investments – Restricted	327	296	183	378	12	-	1,196
Investments – Endowment	653	592	366	755	24	-	2,390
Other	4,245	3,848	2,378	4,908	153	-	15,532
<b>Total Expenditure</b>	<b>146,664</b>	<b>132,954</b>	<b>82,164</b>	<b>169,564</b>	<b>5,284</b>	<b>7,391</b>	<b>544,021</b>

### Governance Costs

	2015	2014
	£	£
Professional Fees	15,800	29,980
Travel and subsistence	27,787	12,622
Staff Costs	74,260	33,256
Support Costs	52,988	22,987
	170,835	98,845

## Note 4: Support costs (Cont.)

### Research Grants Awarded

The Trustees are permitted to award grants to further the aims of the Association as described in the Report of the Trustees.

	2015	2014
	£	£
Outstanding liabilities at the start of the year	258,650	268,885
Awarded during the year	63,727	60,854
	322,377	329,739
Paid during the year	(139,004)	(70,264)
Adjustments	-	1,175
	183,373	260,650
Grants falling due within one year	159,802	239,900
Grants falling due after more than one year	23,571	18,750
	183,373	258,650

During the year we awarded two grants totalling £63,727 for research projects as explained in the trustees report. A full listing of the grants awarded is available on request.

## Note 5: Net incoming resources

	2015	2014
	£	£
Net incoming resources are stated after charging:		
Audit fees*	16,800	20,550
Depreciation	32,527	35,596
Operating lease rentals: plant & machinery	16,813	19,245
Operating lease rentals: other	116,526	116,881

\* Audit remuneration - Fees payable to the company's auditor for the audit of the company's annual accounts.

## Note 6: Tangible fixed assets

	Office equipment £	Office refurbishment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2015	13,261	162,029	71,464	246,754
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2015	13,261	162,029	71,464	246,754
<b>Depreciation</b>				
At 1 January 2015	10,174	162,029	71,464	243,667
Charges for the year	403	-	-	403
Disposals	-	-	-	-
At 31 December 2015	10,577	162,029	71,464	244,070
<b>Net book value</b>				
At 31 December 2015	2,684	-	-	2,684
At 31 December 2014	3,087	-	-	3,087

## Note 7: Intangible fixed assets

	Website £	Database £	Total £
<b>Cost</b>			
At 1 January 2015	123,590	67,147	190,737
Additions	-	750	750
Disposals	-	-	-
At 31 December 2015	123,590	67,897	191,487
<b>Depreciation</b>			
At 1 January 2015	113,961	-	113,961
Charge for year	9,556	22,568	32,124
Disposals	-	-	-
At 31 December 2015	123,517	22,568	146,085
<b>Net Book value</b>			
At 31 December 2015	73	45,329	45,402
At 31 December 2014	9,629	67,147	76,777



## Note 8: Investments

	<b>Total</b>
	<b>£</b>
Market Value at 1 January 2015	4,009,405
Additions at cost excl. S/Brokers cash	348,997
Disposals at market proceeds	(392,378)
Net investment gain	2,374
<b>Market value at 31 December 2015</b>	<b>3,968,398</b>

**Historical Cost at 31 December 2015** 3,442,345

### *Investments held with Investec Wealth & Investment*

	<b>2015</b>		<b>2014</b>	
	£	%	£	%
Fixed Interest	767,280	19%	758,226	19%
UK Equities	1,850,490	47%	1,831,404	45%
Overseas Equities	791,751	20%	832,640	21%
Property	355,064	9%	392,002	10%
Alternative Assets	203,813	5%	195,133	5%
<b>Market value at 31 December 2015</b>	<b>3,968,398</b>		<b>4,009,405</b>	

### **Reserve Fund**

This is a combined BOA and Joint Action reserve.

### **Soli Lam Fellowship Fund**

This portfolio is made up of two endowments; the Soli Lam Spinal Fellowship endowment of £300,000 and the Soli Lam endowment legacy of £529,127 received in 2013.

### **Ram Kumar Chatterjee Fund**

An endowment legacy left to the BOA and has been invested in a separate portfolio in order to maximise the return.

### **For the Strategic Fund**

Included within the Association total is a holding in Invesco Perpetual Corporate Bond with a market value of £51,606 (2014: £52,773) held to fund the Howard Steel and Naughton Dunn Memorial Lectures.

## Note 9: Debtors

	2015	2014
	£	£
Gift Aid recoverable	15,139	82,756
Trade Debtors	178,446	77,915
Other debtors	8,264	13,605
Prepayments	189,647	180,565
Accrued Income	117,883	513
Value added tax	-	5,732
Members' subscriptions in arrears	6,499	7,126
	<u>515,878</u>	<u>368,212</u>

Debtors include a Bad debt provision of £88,307 (2014: £104,001) Bad debts written off in 2015 £2,039 (2014: £1,578)

## Note 10: Creditors; amounts falling due within one year

	2015	2014
	£	£
Trade Creditors	150,810	117,784
Social Security	18,980	20,214
Sundry Creditors	57,243	8,679
Accruals	180,472	120,413
Deferred Income	132,335	226,010
JA Research grants	159,802	239,900
National Hip Fracture Database	16	16
Value Added Tax	8,411	-
	<u>708,069</u>	<u>733,016</u>

### Funds held as agent

The BOA has included within its current liabilities, the funds held on behalf of National Ligament Registry (NLR) £33,140; UK Knee Osteotomy Registry (UKKOR) £21,192 (2014: £57,162 and £7,528 respectively). These are two quality outcome registries managed by independent steering committees which the Association administers on their behalf.

### National Hip Fracture Database Project (NHFD)

The National Hip Fracture Database creditor of £16 (2014: £16) represents the sum due to the British Geriatrics Society (BGS) under the 50/50 joint arrangement (JANE).

### Movement on deferred income

	Total 2015
	£
1 January 2015	226,010
Released in the year	(226,010)
Deferred in the year	132,335
	<u>132,335</u>

## Note 11: Creditors; Amounts falling due in more than one year

	2015	2014
	£	£
Grants Payable – Research Grants	23,571	18,750

## Note 12: Net assets by funds

	Tangible fixed assets £	Intangible fixed assets £	Fixed assets investments £	Other net assets £	Total £
Unrestricted funds	2,684	45,402	2,345,567	213,647	2,607,300
Restricted funds	-	-	471,002	1,011,963	1,482,965
Endowment funds	-	-	1,151,829	22,658	1,174,487
	2,684	45,402	3,968,398	1,248,268	5,264,752

## Note 13: Total funds

	31-Dec-2014 £	Incoming resources £	Outgoing resources £	Transfers £	Net investment gain/(loss) £	31-Dec- 2015 £
<b>General Funds</b>	2,536,707	2,425,664	(2,367,180)	-	12,109	2,607,300
<b>Restricted Funds</b>						
Benevolent Fund	564,055	12,625	(18,702)	-	5,692	563,670
Research Fund	234,848	560,995	(145,712)	-	-	650,131
E-Learning Fund	109,517	-	(32,520)	-	-	76,997
Casting Co-ordinator	6,609	8,521	(14,694)	-	-	436
Howard Steel Foundation	44,328	-	(2,226)	-	-	42,102
Naughton Dunn Memorial Lecture Fund	8,444	-	(428)	-	-	8,016
Grants	11,626	-	-	-	-	11,626
British Hip Society	131,287	147,079	(165,110)	-	-	113,256
Zimmer Fellowship	534	16,014	(11,829)	-	-	4,719
Singhal Fellowship	-	1,500	(1,500)	-	-	-
ABC Fellowship	-	22,500	(22,500)	-	-	-
Quality Outcomes	-	50,000	(50,000)	-	-	-
Getting It Right First Time	4,597	-	(4,597)	-	-	-
London Implant Retrieval Centre	12,012	-	-	-	-	12,012
	1,127,857	819,234	(469,818)	-	5,692	1,482,965
<b>Endowment Fund</b>						
Chatterjee Fund	331,566	12,332	(11,687)	-	(7,713)	324,498
Soli Lam Spinal Fellowship Fund	279,509	12,113	(16,926)	-	(2,821)	271,875
Soli Lam Orthopaedic Fellowship Fund	575,562	20,624	(13,179)	-	(4,893)	578,114
	1,186,637	45,069	(41,792)	-	(15,427)	1,174,487
	4,851,201	3,289,967	(2,878,790)	-	2,374	5,264,752

## **Note 13: Total funds (cont.)**

### **Restricted Funds Benevolent Fund**

The fund exists to meet any successful claims for relief from poverty or distress that might arise from eligible members of the British Orthopaedic Association.

### **Joint Action (JA) Research Fund**

Joint Action was established to raise funds for orthopaedic research and to award grants to successful applicants.

### **Casting Co-ordinator Fund**

This fund existed to pay the salary of the Casting Co-ordinator. Funds will still be received for this purpose but will now form part of the 'other restricted funds' received by BOA.

### **Howard Steel Foundation**

Funds were received over a period of years from Dr Howard Steel that were restricted to pay an honorarium to a speaker whose speech content at the Annual Congress was of a non-orthopaedic nature. The first lecture took place at the Association's 1998 Annual Congress in Dublin.

### **Naughton Dunn Memorial Lecture Fund**

The fund was established from a donation received from Mrs Ethel Dunn to sponsor an annual memorial lecture in memory of her husband, a former President of the Association.

### **Grants (ex Wishbone)**

Donations received for orthopaedic research and for the awarding of research grants.

### **British Hip Society**

The British Hip Society has come under the BOA umbrella as an autonomous Trust with their investments and other funds being accounted for as a restricted item within the BOA accounts.

### **Getting It Right First Time (GIRFT)**

In 2013 the Department of Health made a one off restricted payment of £205,000 towards the GIRFT pilot funding seeking to support the delivery of priority objectives in respect of patients receiving elective orthopaedic treatments:

- Improved patient experience
- Re-empowering clinicians
- Improved patient safety
- Better outcomes in terms of joint longevity, infection – SSI and acquired, complications, readmissions and mortality

Significant savings for the taxpayer from reduced complications and infections, readmissions, length of stay and litigation; better directed care pathways; reduction in loan kit costs; and the introduction of evidence based procurement and procedure selection.

### **Other restricted funds**

From time to time we receive funds for specific purposes. In this year they include the, the ABC, Zimmer, Singhal and B Braun travelling fellowships and Quality Outcomes.

### **Endowment Fund**

An endowment of £300,000 was received in 2006 from Mr Soli Lam, a BOA member, the income from which was to support an annual fellowship in spinal surgery. The terms allow for a Spinal fellowship dependent on the returns from the capital. An endowment legacy of £529,127 was received from the estate of Mr Soli Lam in 2013; the income from this endowment is to support an annual traveling orthopaedic fellowship.

*An Endowment legacy of £262,054 was received from Mrs Margaret Slack this has been used to set up the Ram Kumar Chatterjee Award.*

## Note 14: Operating lease commitments

At 31 December 2015 the Association had annual commitments under non-cancellable operating leases as follows:

	2015		2014	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date:				
Within one year	116,526	16,813	116,526	14,934
Between two and five years	174,790	18,449	291,316	35,262
Over five years	-	-	-	-
	<b>291,316</b>	<b>35,262</b>	<b>407,842</b>	<b>50,196</b>

### Land and Buildings

The Royal College of Surgeons reviews its overhead charge annually. The Rent and Service Increase was decided and took effect from 1 July 2013.

## Note 15: Financial instruments

	2015 £	2014 £
<b>Assets at amortised costs</b>		
Cash	1,453,474	
Trade debtors	178,446	
Other debtors	8,264	
Accrued income	117,883	
Member subscription debtors	6,498	
	<b>1,764,565</b>	<b>1,226,090</b>
<b>Liabilities at amortised costs</b>		
Trade creditors	150,810	
Accruals	180,472	
Other Creditors	217,061	
	<b>548,343</b>	<b>486,792</b>
<b>Assets at fair value</b>		
Investments	<b>3,968,398</b>	<b>4,009,405</b>

## Note 16: Staff Costs

	2015 £	2014 £
Wages and salaries	748,982	726,032
Social Security costs	66,002	65,962
Pension costs	124,206	78,220
Other staff costs	46,195	53,297
	<b>985,385</b>	<b>923,511</b>

In 2015, redundancy and termination payments totalling £16,400 were made to ex-employees (2014: £0).

## Pension Scheme

The British Orthopaedic Association participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section will close from 31 March 2016 and all Members will build up benefits on a CARE basis from 1 April 2016.

The British Orthopaedic Association is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

### **Funding Policy**

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions did not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions will, therefore, increase from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were: 31 March 2011.

<b>Latest actuarial valuation</b>	<b>31.03.2014</b>	<b>31.3.2011</b>
Investment return per annum	3.86%	4.80%
Salary scale increases per annum	3.72%	4.85%
Pension increases per annum	2.72%	3.35%
Market value of assets	£1,927 Million	£1,506 Million
Liabilities at date of last valuation	£1,986 Million	£1,527 Million
(Deficit)/surplus in scheme	(£59 million)	(£261 million)
Proportion of accrued benefits covered by the actuarial value	97%	95%
	<hr/>	<hr/>
	923,933	923,511

<b>The total pension cost for the Association was:</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	<b>£</b>	<b>£</b>
Contributions to SAUL	79,614	75,058
Other Pension Costs	3,212	3,163
Pension Deficit Provision	41,380	
<b>Total Pension cost</b>	<hr/> <b>124,206</b> <hr/>	<hr/> <b>78,221</b> <hr/>

Following the latest actuarial valuation, the employers agreed to contribute 13% of salaries from August 2006 (an increase of 2.5% of salaries). In addition, staff members' contributions increased from August 2006 by 1.0% of salaries to 6.0% of salaries.

It is not possible to identify the Association's share of the underlying assets and liabilities of the scheme. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are equal to the contribution payable for the year in accordance with FRS102.

The number of employees whose emoluments as defined for tax purposes amounted to over £60,000 in the year was as follows:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
£80,000 - £90,000	1	1

The average number of employees analysed by function was:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Fundraising	1	1
Membership	2	2
Annual Congress	5	5
Courses and Exams	2	2
Education & Professional Practice	6	6
Publications	2	1
Governance	1	1
	<u>19</u>	<u>19</u>

Total employee benefits of the key management team during the year totalled £357,395 (2014: £419,132)

No Trustee received remuneration during the year (2014: Nil). Out of pocket expenses for 18 Trustees (2014: 18) were:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Travel and subsistence	<u>51,142</u>	<u>31,641</u>

## **Note 17: Related Parties**

In 2013, the British Orthopaedic Association received £205,000 from the Department of Health as conduit in relation to funding the costs of a locum to cover the position of Professor Briggs (President of the BOA) whilst he worked on the 'Getting It Right First Time' project. During the period, the balance of £4,597 was remitted to his employer (Royal National Orthopaedic Hospital, Stanmore) in line with the terms of the arrangement.