

(FOUNDED 1918)
PATRON: HRH THE PRINCE OF WALES



Annual Report & Accounts

As at 31 December 2017

**35-43 LINCOLN'S INN FIELDS,
LONDON WC2A 3PE
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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Presidents Foreword

2017 has been a busy year with a range of activities directly furthering our mission to care for patients and support surgeons. Our achievements would not have been possible without the continued support of our members, supporters and our core team of staff.

This report highlights the key achievements and our plans for taking the BOA forward into 2018.

We have continued active engagement across a range of organisations in order to influence discussions and decisions on what appear to be increasingly restrictive approaches to the commissioning of orthopaedic services. The voice of the profession is vital in raising awareness of the impact such decisions can have on physical and mental wellbeing of patients. We have worked hard to have significant influence on the discussions on tariff developments and the consequent impact on orthopaedics. This remains an area of significant concern and a continued focus for 2018.

During the course of the year we have worked closely with the National Joint Registry (NJR) to develop a mechanism for reviewing services within hospitals. Using NJR data and a panel of peer reviewers to investigate and offer expert independent advice to assist the hospitals in identifying and managing issues relating to surgical performance and mechanisms for resolving these and moving forward. We feel this is an important development for the BOA in contributing to the quality improvement of orthopaedic services with the programme developing in 2018. We have also continued promoting quality improvement through our advice and guidance by publishing a number of new BOA Standards for Trauma, elective care standards and reviewing and publishing updated guidance for commissioning.

We have had close engagement with Private Healthcare Information Network (PHIN) as they continued to develop their plans for publishing of information about private hospitals (which first went live in 2017) and about consultants with private practice (which first goes live in 2018). We have sought to ensure that BOA members are aware of the background and reasons behind the collection of private data and how they can check and verify the information held. We have also sought to highlight with PHIN the significant challenges associated with large-scale publication of private healthcare information, especially regarding data quality/interpretation and publication of surgeon-level information. We have emphasised throughout the importance of ensuring that all information published is fair, robust and accurate, and provided suggestions for overcoming difficulties in implementing the Competition and Market Authority's Order.

We continue our work to support emerging registries within our profession through the creation of the Trauma and Orthopaedic Registries Unifying Structure (TORUS), having made progress in 2017 with five registries signing up to principles of a memorandum of understanding

In terms of our training and education activities we had another successful year at our Congress, in Liverpool, with registrations topping 2,000 for the first time. Focusing on a theme of Quality and Innovation we were again strongly supported by our affiliated Specialist Societies to deliver a comprehensive programme of professional development and revalidation sessions. The Congress offers a unique opportunity for members and wider colleagues nationally and internationally to network with opportunities to comment on issues affecting the specialty and the wider profession.

We have continued to develop our training and education activities with an increase in numbers sitting the BOA In-training examination (UKITE) and continuing popularity of our Instructional Course for surgeons and our Clinical Leaders Programme. These activities can only be delivered with the dedication and commitment of our faculty who freely give their time and to whom we extend our gratitude.

Research activity has continued to flourish and enabled us to focus on world class research through continued support for BOA Orthopaedic Surgery Research Centre (BOSRC) and in influencing research priorities of the NIHR including stimulating NIHR-commissioned research in trauma.

Within the year we have experienced some operational challenges with key staff demitting from post and a period of reflection and review. We now have plans in place for a stronger and more robust structure going forward which together with the review and development of a new strategy for the next 5-10 years will help us develop and grow into our centenary year.



Ian Winson
Immediate Past President

Ananda Nanu
President

Reference and Administrative Detail

Trustees and Senior Staff

Officers of Council

| | |
|-------------|---|
| I G Winson | President to 21/09/17, then Past President |
| T J Wilton | Immediate Past President to 21/09/17 |
| A M Nanu | Vice President to 21/09/17, then President |
| P Turner | Vice President elect to 21/09/17, then Vice President |
| D J McBride | Vice President elect from 21/09/17, and Honorary Treasurer until 31/12/17 |
| J Skinner | Honorary Treasurer from 01/01/18 |
| D Eastwood | Honorary Secretary from 01/01/17 |

Elected Members of Council

| 2015 – 2017 | 2016 – 2018 | 2017 – 2019 | 2018 – 2020 |
|-------------|---------------|--------------|----------------|
| D Clark | S Bendall | M Bowditch | P Giannoudis |
| S Donell | K Daly | L Breakwell | R Morgan-Jones |
| M Reed | R C Handley | S Hodgkinson | H Simpson |
| A Robinson | J A M Skinner | R Parkinson | D Tennent |

Honorary Posts

| | |
|-----------|---------------|
| Archivist | I B M Stephen |
|-----------|---------------|

Key Management

| | |
|---|---|
| Chief Executive | M Kimmons CB (until 31 August 2017) |
| Director of Events Management | H Choules |
| Director of Finance | E Fry |
| Director of Policy and Programmes | R Notay (until 25 August 2017) |
| Director of Policy and Programmes | A Jazaerli (From 15 August – 6 December 2017) |
| 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. Remuneration is bench marked against the market.

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
Marylebone and Harley Street Branch
P O Box 2021
10 Marylebone High Street
London W1A 1FH

Auditor

Crowe Clark Whitehill LLP
St Bride's House
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

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 and on our website. A new governance code, endorsed by the Charity Commission and other industry bodies, was launched during 2017. The BOA is undertaking a thorough strategic review to assess the current arrangements in place and opportunities for improvement to ensure meet best practice. This work will be completed within 2018 and more formally reported in the next Annual Report.

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. 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. They are also given a comprehensive induction process, including a presentation covering our full range of business and desk-side briefings by the BOA staff.

The full Council in 2017 consisted of 27 members with some serving in a dual capacity (i.e. both elected and ex-officio).

A staff of 17 supports strategy and policy development; communications and media engagement; education and research programmes; financial planning, budgeting and management; fundraising and public engagement; information systems; events management; membership issues and benefits; and specialist societies.

Until September 2017 the BOA was headed by a Chief Executive Officer who had delegated responsibility for the management of the Association. As part of a wider structural review the BOA Council have approved a revised position of Chief Operating Officer to ensure a balance between clinical and day to day operational responsibilities. Recruitment for this post will commence in early 2018.

As of 31 December the numbers of members was as follows:

| Membership category | Dec-17 | Dec-16 |
|-------------------------|--------------|--------------|
| Honorary Fellows | 61 | 59 |
| Corresponding Fellows | 15 | 15 |
| Companion Fellows | 23 | 35 |
| Senior Fellows | 381 | 368 |
| Home Fellows | 1,939 | 1,898 |
| Overseas Fellows | 265 | 293 |
| Post CCT | 329 | 538 |
| SAS Surgeons | 223 | 161 |
| Home Members | 141 | 157 |
| Home Associates | 1,117 | 952 |
| Overseas Associate | 3 | - |
| Foundation Year Doctors | 85 | 86 |
| Medical Students | 108 | 41 |
| Affiliates | 16 | 16 |
| Travelling Fellowship | 20 | - |
| Total | 4,726 | 4,619 |

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.

The 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 Indian Orthopaedic Society (BIOS)
- 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)
- 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)

Report of the Trustees

Objects

The BOA's charitable objects are the advancement for the public benefit of the Science, Art and Practice of Orthopaedic Surgery with the aim of bringing relief to patients of all ages suffering from the effects of injury or disorders of the musculoskeletal system.

As a 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.

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.

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.

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

Activities and Achievements for 2017

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. The BOA Council met regularly throughout 2017 in February, April, July, October and December and we have continued to develop our relationships with key organisations with representation on the Royal College of Surgeons (RCS) of England Council and the Federation of Surgical Specialty Associations.

Membership, Finance and Resources

- In 2017 we undertook a thorough review of our membership database to ensure all members were current. Despite removing some lapsed members the total membership remained on an upward trajectory.
- We embarked on a significant project to revise our current CRM and website to enable the BOA to better engage and support our membership, offer more targeted and defined services and provide a members area with self-service options. The project will commence in April 2018 with an expected implementation date of early 2019.
- At the end of 2017 we commenced a review of our current structures and business processes with the aim of ensuring we operate in the most efficient manner to better support our members and focus on key activities with a wider patient benefit. The impact of this work will be realised throughout 2018.
- We continued to work closely with the Specialist Societies, including joint publications and consultations responses, and attendance at nine meetings by both staff and senior council members.
- Our Twitter and Facebook presence has continued to grow as we seek to better engage with our members and grow awareness of our activities
- The benevolent fund awarded two grants during the year.

Professional Practice

- We reviewed four of our National Institute for Health and Care Excellence (NICE) accredited Commissioning Guides and published updated editions – these were:
 - Pain Arising from the Hip in Adults,
 - Painful Deformed Great Toe in Adults,
 - Painful Osteoarthritis of the Knee and
 - Carpal Tunnel Syndrome.
- We supported the National Joint Registry in the development of its ‘Transparency and Accountability’ framework and as part of this has begun to pilot a scheme of Elective Care Reviews for hospitals in difficulty (the first of which took place at the start of 2018).
- We worked closely with ARMA (Arthritis and Musculoskeletal Alliance) and other ARMA members on a position statement on access to surgery.
- Tariff developments: we have had significant influence in discussion about reduction in quantum and its impact on orthopaedics, and has participated in a series of meetings with representatives from NHS Improvement.
- Consultations: we have responded to a number of consultations by public bodies, including NICE Guideline consultations and NHS England.

- New or revised BOASTs (BOA Standards for Trauma) were published in late 2017:
 - 'Management of Distal Radial Fractures'
 - 'Open Fractures'
 - 'The Management of Pelvic Fractures'
- We have continued active engagement with PHIN (Private Healthcare Information Network) in relation to publication of private data. We updated our position statement during the year, advised members about how to ensure they receive PHIN communications and held meetings with PHIN and FIPO (Federation of Independent Practitioner Organisations) on various aspects of this programme.

Training and Education

- We received a significant number of high calibre candidates for National Clinical Leaders programme. Many of these were drawn from specialist societies.
- We continue to provide travelling fellowships for members who are home associates or SAS members, offering unique opportunities to develop skills and learn techniques in other settings around the world. Various organisations and individuals generously provide sponsorship for the BOA Travelling Fellowships.
- Existing courses, including TOTs (Training Orthopaedic Trainers), TOES (Training Orthopaedic Educational Supervisors) and the Instructional Course, continue to be popular and successful – with 390 attendees in total in 2017. Meanwhile additional courses or delivery mechanisms are also being explored – notably 'e-TOEs' and a new 'Bootcamp' course for trainees.
- The UK in training examination (UKITE) ran in December with record numbers in the UK and exams in South Africa and new partner, Thailand. Some issues were incurred at the height of demand but these have been resolved to ensure delivery in 2018 is smooth and affords every candidate the same unhindered access.
- Our annual congress continued its success with registrants topping 2,000 for the first time. A varied programme provided something for all levels of membership including revalidation sessions organised by many of the BOA's affiliated specialist societies, free paper sessions and sessions directly supporting medical students.

Patient Liaison Group

- In 2017, the PLG met regularly to provide support and guidance across BOA work streams and initiatives including: Commissioning Guidance documents, Quality Outcomes and registries.

Research

- We renewed funding for the BOA Orthopaedic Surgery Research Centre (BOSRC) and development of new multi-centre clinical trials. In 2017, this generated funding for two new multicentre Random Controlled Trials (RCTs) with two new Chief Investigators: ACTIVE and LIFE.
- Close working with the James Lind Alliance led to the initiation of our latest Priority Setting Partnership in 'Fragility Fracture of the Lower Limb'.
- Ongoing liaison with National Institute of Health Research and Arthritis Research UK on issues regarding research prioritisation has led to NIHR conducting a major survey to identify and update the priorities for

future research in Elective Orthopaedic Surgery. The BOA ResComm has already had great success in recent years in stimulating NIHR-commissioned research in trauma using this route, and looks forward to a continued dialogue on both areas through 2018.

- The main fundraising objectives of the BOA are to directly support the research grant programme. This is done predominantly through membership donations, regular donations, two cash appeals during the year and sponsored sporting activities, in 2017 these activities raised £162.3k (2016 £138.7k).
- All fundraising activities for the BOA are carried out by the Association staff. The Association does not use professional fundraisers or have any commercial participators. All fundraising activities are managed by the Publications Officer and are monitored by the Director of Communications and Operations, with overall oversight by the trustees.
- No complaints relating to fundraising activities have been received by the Association during this financial period. However, the Association has in place procedures that would be followed in the event of a complaint being received with the initial response being the responsibility of the Director of Communications and Operations. Any continuing issues would then be passed to the trustees to determine what further action might be required.
- The Association does not currently subscribe to any specific fundraising standards or schemes for fundraising regulation but considers that it has set appropriate standards for the operation and management of its fundraising activities. In particular, the Association considers that its processes and controls should ensure that vulnerable people and other members of the public are protected from any unreasonable intrusion on a person's privacy and that no fundraising activities would be unreasonably persistent or place undue pressure on a person to give money or other property.

Future developments

In 2017 we started a review of our current strategy which was originally drafted in 2012. The aim is to develop a forward vision for the BOA for the next 5-10 years which clearly demonstrates the role and relevance of the BOA to members, patients and key stakeholders. Work on the strategy will continue in 2018 with the aim of implementation by 2019.

While this strategic review is taking place we will continue with our work to support our mission of caring for patients, supporting surgeons, through the following:

- Commemorating the 100th Anniversary of the BOA through events and communications that highlight the heritage and history of our Association, as well as looking forward to our second century.
- The further development of our Patient Liaison Group into a Patient Panel that is fully empowered constructively to hold the profession to account.
- A continuing increase in our membership with a particular focus on SAS surgeons who remain an under-represented cohort.
- A focus on new and innovative benefits for our members.
- Delivery of our first BOA Elective Care Standards and Elective Care Reviews – the latter in close conjunction with our National Joint Registry partners.
- Continuing development of our suite of audit standards for trauma (BOASTs).

- Further collaborative work with NHS Improvement, Digital and England in relation to the current tariff setting methodology for T&O procedures.
- A reinvigoration of our regional and clinical champion networks aimed at intensifying our national focus on CCG engagement (particularly in the context of orthopaedic procedure rationing).
- Continuing support to ARMA in the development of broader MSK networks and close working with our clinical partners in the Chartered Society of Physiotherapists: the focus here remains on knowledge sharing, competencies of the community based multidisciplinary MSK team, data and metrics, and generic pathways.
- Continuing constructive engagement with the Private Healthcare Information Network (PHIN) in order positively to shape their approach to activity publication for consultants in private practice, which is due to take effect in 2018.
- A comprehensive programme of CPD for T&O surgeons at our Centenary Congress in Birmingham and further continuous improvement of our instructional course for trainees.
- Further international exposure of our UK In Training Exam (UKITE), building on our experience with the South African and Thai Orthopaedic Associations.
- Delivery of our first 'BOA Bootcamps' and further development of our novel 'e-TOES' online course for educational supervisors.
- Further engagement in the research sphere in relation to BOSRC, priority setting partnership activities and liaison with NIHR and ARUK as we continue to leverage increasing influence in the field of trauma and orthopaedic research.
- Implementation of a completely new CRM and website aimed at improving the member experience and increasing engagement and interaction with the BOA.

Financial Review

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 between £1.2 - £1.5 million; and
- maintain funds to cover future strategic developments.

Having aimed for an unrestricted reserve total of £2.6 million at the end of 2017 our actual reserve was £2.9 million (2016: £2.9 million). Having reviewed the position, our Trustees are satisfied that this level of reserves is appropriate, given the economic outlook.

The BOA also has restricted reserves of £1.9 million and endowment reserves of £1.4 million. More detail is provided on page 33

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 Performance

The ARC Steady Growth Index which represents average charity performance had a growth of 9.4% (net of fees) for 2017. The total of all the BOA funds had a growth of 10.8% for 2017.

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. For each of the non-cash funds we have adopted a cautious, balanced approach and will continue to do so throughout 2017 with a focus on longer term returns.

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 in the year was £74.7k (2016: £76.6k).

Restricted investment income

Restricted investment income of £62.3k (2016: £62.0k) 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 £13.2k (2016: £14.5k)
- Investment income from the Soli Lam Endowment Fund was £35.8k (2016: £34.7k)
- Investment income from the Ram Kumar Chatterjee Fund was £13.3k (2016: £12.8k)

Risk Management

The trustees have overall responsibility for managing the risks of the charity, ensuring that the risk appetite of the association is fully understood and reflected in our practices and processes.

The major risks are considered to be:

- Membership – sustaining and growing membership, ensuring we remain relevant to members needs and continue to effectively engage with current and prospective members.
- Financial – 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 – a failure to comply with charity law, the general law, and the founding Trust Deed, compromises the charity's status and its future.

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.

A renewed focus on strategic and operational risks, will follow the development and implementation of the new strategy, together with new mechanisms for recording and enhanced reporting to the trustee body.

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 £60k 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.

Incoming Resources

There was a total decrease in income in 2017 of £296.8k, this is a decrease in unrestricted income of £28.9k and a decrease in total restricted income of £267.9k compared to the 2016 figures.

Restricted legacy income decreased from £451.4k in 2016 to £96.5k in the year, a decrease of £354.9k. Unrestricted legacy income of £20.3k was received in 2017 (2016: £37.3k).

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 increased by £30.8k to £161.7k (2016: £130.9k). Investment income from bank interest deposits and dividends received decreased by £1.7k from £138.6k in 2016 to £137k in 2017. Dividend income decreased by £1.6k.

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

- Membership income decreased slightly in 2017 due to lapsed members being removed.
- The Annual Congress income increased by £56k due a slightly larger exhibition area at Liverpool, an increase in corporate sponsorship and an increase in delegate number.

Resources expended

There was a small increase in fundraising expenses in the year of £7k from £66k to £73k.

There was a total increase in expenditure in 2017 of £252.7k, this is an increase in unrestricted expenditure of £260.8k and a decrease in restricted expenditure of £8.1k compared to 2016. This is attributable principally to:

- Higher venue hire costs for our Annual Congress held in Liverpool compared to Belfast
- Hosting for the ABC and ASG fellowships in the UK

Summary

In conclusion, the result for the year before net investment gains was a deficit of £189.1k in contrast to a surplus in 2016 of £360.4k.

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. This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

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 25 April 2018, in their capacity as company directors, and signed on its behalf by the Honorary Treasurer, Donald McBride and President, Ian Winson.



Ananda Nanu MBBS, MS (Orth), MCh (Orth), FRCS, FRCS (Orth)

BOA President

Date of approval: 25 April 2018

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

Opinion

We have audited the financial statements of The British Orthopaedic Association for the year ended 31 December 2017 which comprise Statement of Financial Activities, the Balance Sheet, the 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).

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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 and of its incoming resources and application of resources 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.

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 charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable 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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which 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: or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Nicola May

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

Date 14th June 2018

Statement of Financial Activities

British Orthopaedic Association: Statement of Financial Activities (including income and expenditure account) for the year ended at 31 December 2017

| | Note | Unrestricted funds | Restricted funds | Endowment funds | Total funds | Total funds |
|------------------------------------|-----------|--------------------|------------------|-----------------|---------------|---------------|
| | | £'000 | £'000 | £'000 | 2017 £'000 | 2016 £'000 |
| Income and endowments from: | | | | | | |
| Voluntary income: | | | | | | |
| Donations and legacies | | 20.3 | 258.2 | - | 278.5 | 619.7 |
| Charitable activities: | | | | | | |
| Membership | | 1,199.8 | 14.4 | - | 1,214.2 | 1,281.2 |
| Education | | 936.2 | 255.1 | - | 1,191.3 | 1,026.2 |
| Professional Practice | | 83.1 | 20.0 | - | 103.1 | 129.9 |
| Representation | | - | - | - | - | 11.5 |
| Grant | | - | - | - | - | 10.0 |
| Other Trading Activities | | 9.0 | 0.3 | - | 9.3 | 13.1 |
| Investment Income | 2 | 74.7 | 13.2 | 49.1 | 137.0 | 138.6 |
| Total income and endowments | | 2,323.1 | 561.2 | 49.1 | 2,933.4 | 3,230.2 |
| Expenditure on | | | | | | |
| Raising funds | | - | 73.1 | - | 73.1 | 66.0 |
| Charitable activities: | | | | | | |
| Membership | | 432.1 | 1.5 | - | 433.6 | 665.0 |
| Education | | 1,448.4 | 271.4 | 24.6 | 1,744.4 | 1,365.8 |
| Professional Practice | | 382.1 | 5.7 | - | 387.8 | 389.1 |
| Representation | | 118.1 | - | - | 118.1 | 111.9 |
| Research | | 6.8 | - | - | 6.8 | 8.1 |
| Grants | | - | 132.2 | - | 132.2 | 88.3 |
| Investments | | 26.7 | 7.8 | 19.1 | 53.6 | 47.4 |
| Other Trading Activities | | 117.0 | - | - | 117.0 | 77.1 |
| Other Costs | | - | 55.9 | - | 55.9 | 51.1 |
| Total expenditure | 3 | 2,531.2 | 547.6 | 43.7 | 3,122.5 | 2,869.8 |
| Net Income | | (208.1) | 13.6 | 5.4 | (189.1) | 360.4 |
| Net Gains/(losses) on investment | | 211.3 | 31.7 | 80.1 | 323.1 | 383.5 |
| Net movement in funds | 5 | 3.2 | 45.3 | 85.5 | 134.1 | 743.9 |
| Total funds brought forward | | 2,893.4 | 1,837.4 | 1,277.9 | 6,008.7 | 5,264.8 |
| Total funds carried forward | 12 | 2,896.6 | 1,882.7 | 1,363.4 | 6,142.7 | 6,008.7 |

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 16 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 2016

| | Note | Unrestricted funds | Restricted funds | Endowment funds | Total funds 2016 |
|------------------------------------|------|--------------------|------------------|-----------------|------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income and endowments from: | | | | | |
| Voluntary income: | | | | | |
| Donations and legacies | | 37.3 | 582.4 | - | 619.7 |
| Charitable activities: | | | | | |
| Membership | | 1,253.0 | 28.2 | - | 1,281.2 |
| Education | | 880.3 | 145.9 | - | 1,026.2 |
| Professional Practice | | 85.7 | 44.2 | - | 129.9 |
| Representation | | 11.5 | - | - | 11.5 |
| Grant | | - | 10.0 | - | 10.0 |
| Other Trading Activities | | 7.6 | 5.5 | - | 13.1 |
| Investment Income | 2 | 76.6 | 14.5 | 47.5 | 138.6 |
| Total income and endowments | | 2,352.0 | 830.7 | 47.5 | 3,230.2 |
| Expenditure on | | | | | |
| Raising funds | | - | 66.0 | - | 66.0 |
| Charitable activities: | | | | | |
| Membership | | 659.2 | 5.8 | - | 665.0 |
| Education | | 1,044.1 | 299.1 | 22.6 | 1,365.8 |
| Professional Practice | | 345.9 | 43.2 | - | 389.1 |
| Representation | | 111.9 | - | - | 111.9 |
| Research | | 8.1 | - | - | 8.1 |
| Grants | | - | 88.3 | - | 88.3 |
| Investments | | 23.9 | 7.0 | 16.5 | 47.4 |
| Other trading activities | | 77.3 | (0.2) | - | 77.1 |
| Other | | - | 51.1 | - | 51.1 |
| Total expenditure | 3 | 2,270.4 | 560.3 | 39.1 | 2,869.8 |
| Net Income | | 81.6 | 270.4 | 8.4 | 360.4 |
| Net Gains/(losses) on investment | | 237.5 | 51.0 | 95.0 | 383.5 |
| Net movement in funds | | 319.1 | 321.4 | 103.4 | 743.9 |
| Transfer between funds | | (33.0) | 33.0 | - | - |
| Total funds brought forward | | 2,607.3 | 1,483.0 | 1,174.5 | 5,264.8 |
| Total funds carried forward | 12 | 2,893.4 | 1,837.4 | 1,277.9 | 6,008.7 |

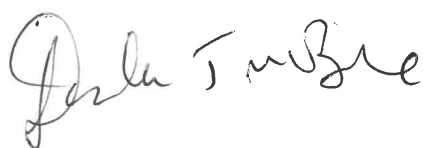
Balance Sheet

British Orthopaedic Association Balance Sheet as of 31 December 2017

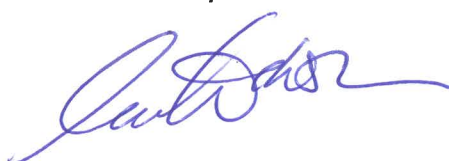
| | Note | BOA 2017 £'000 | BOA 2016 £'000 |
|--|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 6 | - | - |
| Intangible assets | 7 | 38.9 | 22.7 |
| Investments | 8 | 4,566.8 | 4,243.6 |
| | | <u>4,605.7</u> | <u>4,266.3</u> |
| Current assets | | | |
| Stocks | | 13.2 | 9.2 |
| Debtors | 9 | 774.8 | 726.4 |
| Cash at bank and in hand | | 1,541.7 | 1,618.2 |
| | | <u>2,329.8</u> | <u>2,353.8</u> |
| Creditors: Amounts falling due within one year | 10 | <u>(792.7)</u> | <u>(611.4)</u> |
| Net current assets | | <u>1,537.0</u> | <u>1,742.4</u> |
| Creditors: Amounts falling due after more than one year | | - | - |
| Net assets or liabilities excluding pension asset or liability | | 1,537.1 | 1,742.4 |
| Total net assets or liabilities | | <u>6,142.7</u> | <u>6,008.7</u> |
| Represented by: | | | |
| Unrestricted funds | | 2,896.6 | 2,893.4 |
| Restricted funds | | 1,882.7 | 1,837.4 |
| Endowment Funds | | 1,363.4 | 1,277.9 |
| Total Funds | 12 | <u>6,142.7</u> | <u>6,008.7</u> |

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard (FRS102) (effective 01 January 2015)

Approved by the Trustees on 25 April 2018 and signed on its behalf by:



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



Trustee
Ian Winson MBChB, FRCS

The accompanying notes numbered 1 to 16 form part of these financial statements

Cash Flow Statement

British Orthopaedic Association Statement of Cash Flows For the year ended 31 December 2017

| | <u>2017</u> <u>£'000</u> | <u>2016</u> <u>£'000</u> |
|--|-----------------------------|-----------------------------|
| Cash flows from operating activities: | | |
| Net cash provided by (used in) operating activities (Note 1) | (174.6) | (82.2) |
| Cash flows from investing activities: | | |
| Dividends and interest from investments | 137.0 | 138.6 |
| Proceeds from the sale of tangible fixed assets | - | - |
| Purchase of intangible fixed assets | (38.8) | - |
| Proceeds from sale of investments | 488.3 | 502.2 |
| Purchase of investments | (488.4) | (393.9) |
| Net cash provided by (used in) investing activities | <u>98.1</u> | <u>246.9</u> |
| Change in cash and cash equivalents in the reporting period | (76.5) | 164.7 |
| Cash and cash equivalents at 1 January (Note 2) | 1,618.2 | 1,453.5 |
| Cash and cash equivalents at 31 December (Note 2) | <u>1,541.7</u> | <u>1,618.2</u> |
| Note 1 to the cash flow statement | 2017 | 2016 |
| | <u>£'000</u> | <u>£'000</u> |
| Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities | | |
| Net income / (expenditure) for the year per the SOFA | 134.1 | 743.9 |
| Adjustments for: | | |
| Depreciation charges | 22.6 | 23.1 |
| (Gains) on investments | (323.1) | (383.5) |
| Dividends and interest from investments | (137.0) | (138.6) |
| Loss/(profit) on the sale of fixed assets | - | 2.3 |
| Decease/(increase) in stocks | (4.0) | 1.4 |
| (Increase)/decrease in debtors | (48.5) | (210.5) |
| (Decrease)/increase in creditors | 181.3 | (120.3) |
| Net cash provided by (used in) operating activities | <u>(174.6)</u> | <u>(82.2)</u> |
| Note 2 to the consolidated cash flow statement | 2017 | 2016 |
| | <u>£'000</u> | <u>£'000</u> |
| Analysis of Cash and Cash equivalents | | |
| Cash at bank and in hand | 1,541.7 | 1,618.2 |
| Total Cash and Cash equivalents | <u>1,541.7</u> | <u>1,618.2</u> |

The accompanying notes numbered 1 to 16 form part of these financial statements

Notes to the 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 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 Charity'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 34 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 2020 (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 £49,400 as at 31 December 2017. This liability is based on a projection of Salaries over the period to 31 March 2020.

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:

| | 2017 Unrestricted Funds £'000 | 2017 Restricted Funds £'000 | 2017 Endowment Funds £'000 | 2017 Total Funds £'000 | 2016 Total Funds £'000 |
|----------------------------|--|--------------------------------------|-------------------------------------|---------------------------------|---------------------------------|
| Government Bonds | 2.1 | 0.5 | 0.2 | 2.8 | 4.0 |
| Bonds | 10.9 | 2.1 | 7.2 | 20.2 | 24.2 |
| Equities | 61.7 | 10.6 | 41.7 | 114.0 | 110.4 |
| Total dividends receivable | 74.7 | 13.2 | 49.1 | 137.0 | 138.6 |
| Bank interest receivable | - | - | - | - | - |
| | 74.7 | 13.2 | 49.1 | 137.0 | 138.6 |

Note 3: Total resources expended

| | Direct Costs £'000 | Grants £'000 | Staff Costs (Note 14) £'000 | Support Costs (Note 4) £'000 | Governance Costs (Note 4) £'000 | Total Costs 2017 £'000 | Total Costs 2016 £'000 |
|--------------------------------------|--------------------------|-----------------|--------------------------------------|---------------------------------------|--|---------------------------------|---------------------------------|
| Expenditure on: | | | | | | | |
| Fundraising | 12.0 | - | 31.0 | 20.6 | 9.5 | 73.1 | 66.0 |
| Charitable activities: | | | | | | | |
| Membership | 275.2 | - | 78.9 | 55.4 | 24.0 | 433.5 | 665.0 |
| Education | 941.1 | - | 406.2 | 273.4 | 123.7 | 1,744.4 | 1,365.8 |
| Professional Practice | 74.2 | - | 159.0 | 106.1 | 48.5 | 387.8 | 389.1 |
| Representation | 88.4 | - | 15.1 | 10.0 | 4.6 | 118.1 | 111.9 |
| Research | 1.9 | - | 2.5 | 1.7 | 0.7 | 6.8 | 8.1 |
| Grants | - | 118.1 | 7.1 | 4.8 | 2.2 | 132.2 | 88.3 |
| Investments | 35.1 | - | 9.4 | 6.3 | 2.9 | 53.7 | 47.4 |
| Other Trading Activities | 25.1 | - | 55.2 | 36.7 | - | 117.0 | 77.1 |
| Other Costs | 55.9 | - | - | - | - | 55.9 | 51.1 |
| Total expenditure | 1,508.9 | 118.1 | 764.4 | 515.0 | 216.1 | 3,122.5 | 2,869.8 |
| Expenditure in support of activities | 405.7 | - | 282.3 | (515.0) | (173.0) | - | - |
| | 1,914.6 | 118.1 | 1,046.7 | - | 43.1 | 3,122.5 | 2,869.8 |

Note 4: Support costs

| | Premises | Office | IT & | Finance | Sundry | BHS Support Costs | 2017 Total | 2016 Total |
|--------------------------------------|------------|--------------|----------------|--------------|--------------|-------------------------|---------------|---------------|
| | £'000 | Man £'000 | Comms £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure on: | | | | | | | | |
| Raising funds | 0.1 | 6.1 | 0.5 | 7.1 | 6.8 | - | 20.6 | 15.4 |
| Charitable activities: | | | | | | | | |
| Membership | 0.3 | 15.6 | 1.6 | 18.2 | 16.7 | 2.9 | 55.3 | 101.7 |
| Education - Unrestricted | 1.6 | 79.2 | 8.5 | 92.9 | 85.1 | - | 267.3 | 166.6 |
| Education - Restricted | - | - | - | - | - | 3.2 | 3.2 | 37.3 |
| Education - Endowment | - | 0.9 | 0.1 | 1.0 | 0.9 | - | 2.9 | 2.1 |
| Professional Practice - Unrestricted | 0.6 | 31.3 | 3.4 | 36.8 | 33.7 | - | 105.8 | 103.4 |
| Professional Practice - Restricted | - | - | - | - | - | 0.3 | 0.3 | 0.7 |
| Representation | 0.1 | 3.0 | 0.3 | 3.5 | 3.2 | - | 10.1 | 8.7 |
| Research | - | 0.5 | 0.1 | 0.6 | 0.5 | - | 1.7 | 2.0 |
| Grants | - | 1.4 | 0.2 | 1.7 | 1.5 | - | 4.8 | 4.3 |
| Investments – Unrestricted | - | 0.7 | 0.1 | 0.9 | 0.8 | - | 2.5 | 1.8 |
| Investments – Restricted | - | 0.4 | - | 0.4 | 0.4 | - | 1.2 | 0.9 |
| Investments – Endowment | - | 0.7 | 0.1 | 0.9 | 0.8 | - | 2.5 | 1.8 |
| Other | 0.2 | 10.9 | 1.2 | 12.8 | 11.7 | - | 36.8 | 20.4 |
| Total Expenditure | 2.9 | 150.7 | 16.2 | 176.8 | 162.1 | 6.4 | 515.0 | 467.1 |

Governance Costs

| | 2017 | 2016 |
|------------------------|--------------|--------------|
| | £'000 | £'000 |
| Professional Fees | 10.6 | 15.9 |
| Travel and subsistence | 32.5 | 29.0 |
| Staff Costs | 103.9 | 76.2 |
| Support Costs | 69.1 | 43.6 |
| | 216.1 | 164.7 |

Grants Awarded

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

| | 2017 | 2016 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Outstanding liabilities at the start of the year | 112.1 | 183.4 |
| Awarded during the year | 118.1 | 145.7 |
| | 230.2 | 329.1 |
| Paid during the year | (150.9) | (136.2) |
| Cancelled grants | - | (80.8) |
| | 79.3 | 112.1 |
| Grants falling due within one year | 79.3 | 112.1 |
| Grants falling due after more than one year | - | - |
| | 79.3 | 112.1 |

During the year we awarded £63.7 to the BOSRC (see page 15) and £4.0k to the James Lind Alliance to support Priority Setting Partnership, £12.0k to London Implant Retrieval centre and two benevolent fund grants.

Note 5: Net incoming resources

| | 2017 | 2016 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Net incoming resources are stated after charging: | | |
| Audit fees | 17.5 | 16.9 |
| Depreciation / Amortisation | 22.6 | 23.1 |
| Operating lease rentals: plant & machinery | 14.4 | 16.8 |
| Operating lease rentals: other | 99.4 | 116.5 |

Note 6: Tangible fixed assets

| | Office equipment £'000 | Office refurbishment £'000 | Computer equipment £'000 | Total £'000 |
|-----------------------|------------------------------|----------------------------------|--------------------------------|----------------|
| Cost | | | | |
| At 1 January 2017 | 9.0 | 162.0 | 15.5 | 186.5 |
| Additions | - | - | - | - |
| Disposals | - | (24.1) | (5.1) | (29.2) |
| At 31 December 2017 | 9.0 | 137.9 | 10.4 | 157.3 |
| Depreciation | | | | |
| At 1 January 2017 | 9.0 | 162.0 | 15.5 | 186.5 |
| Charges for the year | - | - | - | - |
| Disposals | - | (24.1) | (5.1) | (29.2) |
| At 31 December 2017 | 9.0 | 137.9 | 10.4 | 157.3 |
| Net book value | | | | |
| At 31 December 2017 | - | - | - | - |
| At 31 December 2016 | - | - | - | - |

Note 7: Intangible fixed assets

| | Webs ite £'000 | Database £'000 | Total £'000 |
|-----------------------|----------------------|-------------------|----------------|
| Cost | | | |
| At 1 January 2017 | - | 67.9 | 67.9 |
| Additions | 17.1 | 21.7 | 38.8 |
| Disposals | - | - | - |
| At 31 December 2017 | 17.1 | 89.6 | 106.7 |
| Depreciation | | | |
| At 1 January 2017 | - | 45.2 | 45.2 |
| Charge for year | - | 22.6 | 22.6 |
| Disposals | - | - | - |
| At 31 December 2017 | - | 67.8 | 67.8 |
| Net Book value | | | |
| At 31 December 2017 | 17.1 | 21.8 | 38.9 |
| At 31 December 2016 | - | 22.7 | 22.7 |

Note 8: Investments

| | <u>Total</u> |
|---|-----------------------|
| | <u>£'000</u> |
| Market Value at 1 January 2017 | 4,243.6 |
| Additions at cost excl. S/Brokers cash | 488.4 |
| Disposals at market proceeds | (488.3) |
| Net investment gain | 323.1 |
| Market value at 31 December 2017 | <u>4,566.8</u> |

Historical Cost at 31 December 2017 3,409.7

Investments held with Investec Wealth & Investment

| | 2017 | | 2016 | |
|---|-----------------------|----------|-----------------------|----------|
| | £'000 | % | £'000 | % |
| Fixed Interest | 776.7 | 17% | 756.8 | 18% |
| UK Equities | 2,086.2 | 46% | 1,925.1 | 46% |
| Overseas Equities | 1,072.6 | 23% | 977.0 | 23% |
| Property | 327.7 | 7% | 313.7 | 7% |
| Alternative Assets | 303.6 | 7% | 271.0 | 6% |
| Market value at 31 December 2017 | <u>4,566.8</u> | | <u>4,243.6</u> | |

Note 9: Debtors

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|--------------|--------------|
| | <u>£'000</u> | <u>£'000</u> |
| Gift Aid recoverable | 31.5 | 13.2 |
| Trade Debtors | 151.4 | 71.0 |
| Other debtors | 27.4 | 7.2 |
| Prepayments | 224.0 | 209.1 |
| Accrued Income | 328.5 | 406.1 |
| Value added tax | 7.4 | 9.3 |
| Members' subscriptions in arrears | 4.6 | 10.5 |
| | <u>774.8</u> | <u>726.4</u> |

Debtors include a Bad debt provision of £48.2k (2016: £133.3k) Bad debts written off in 2017 £87.6k (2016: £0k)

Note 10: Creditors; amounts falling due within one year

| | 2017 | 2016 |
|-----------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade Creditors | 126.7 | 109.6 |
| Social Security | 28.2 | 20.5 |
| Sundry Creditors | 107.8 | 65.3 |
| Accruals | 285.7 | 207.5 |
| Deferred Income | 186.0 | 105.4 |
| JA Research grants | 58.3 | 103.1 |
| Value Added Tax | - | - |
| | 792.7 | 611.4 |
| Creditors Due over one year | - | - |
| | 792.7 | 611.4 |

Movement on deferred income

| | Total |
|----------------------|--------------|
| | 2017 |
| | £'000 |
| 1 January 2017 | 105.4 |
| Released in the year | (105.4) |
| Deferred in the year | 185.9 |
| | 185.9 |

In 2017, the deferred income of £89.8 related to course registrations for courses due to take place in the first quarter of 2018, £65k related to fellowships, £8k related to elective care reviews and £23.1k related to membership subscription income.

Note 11: Net assets by funds

| | Intangible fixed assets | Fixed assets investments | Other net assets | Total 2017 |
|--------------------|------------------------------------|-------------------------------------|-----------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Unrestricted funds | 38.9 | 2,667.6 | 190.1 | 2,896.6 |
| Restricted funds | - | 495.1 | 1,387.7 | 1,882.8 |
| Endowment funds | - | 1,404.1 | (40.7) | 1,363.4 |
| | 38.9 | 4,566.8 | 1,537.1 | 6,142.8 |

Comparative Net Assets by fund

| | Intangible fixed assets | Fixed assets investments | Other net assets | Total 2016 |
|--------------------|------------------------------------|-------------------------------------|-----------------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Unrestricted funds | 22.7 | 2,476.9 | 393.8 | 2,893.4 |
| Restricted funds | - | 458.0 | 1,379.4 | 1,837.4 |
| Endowment funds | - | 1,308.7 | (30.8) | 1,277.9 |
| | 22.7 | 4,243.6 | 1,742.4 | 6,008.7 |

Note 12: Total funds

| | 1-Jan- 2017 | Incoming resources | Outgoing resources | Transfers between funds | Net investment gain/(loss) | 31-Dec- 2017 |
|--------------------------------------|----------------|-----------------------|-----------------------|-------------------------------|----------------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Funds | 2,893.4 | 2,323.1 | (2,531.2) | - | 211.3 | 2,896.6 |
| Restricted Funds | | | | | | |
| Benevolent Fund | 547.3 | 13.2 | (52.2) | - | 31.7 | 540.0 |
| Research Fund | 1,163.0 | 215.8 | (148.7) | - | - | 1,230.1 |
| Casting Co-ordinator | - | 11.0 | (2.9) | - | - | 8.1 |
| Howard Steel Foundation | 40.0 | - | (2.2) | - | - | 37.8 |
| Naughton Dunn Memorial Lecture Fund | 7.6 | - | (0.4) | - | - | 7.2 |
| Grants | 11.6 | - | - | - | - | 11.6 |
| British Hip Society | 54.3 | 278.2 | (287.0) | - | - | 45.5 |
| Zimmer Fellowship | 1.6 | 17.5 | (16.6) | - | - | 2.5 |
| Singhal Fellowship | - | 1.5 | (1.5) | - | - | - |
| Andrew Sprowson Fellowship | - | 1.5 | (1.5) | - | - | - |
| ABC Fellowship | - | 22.5 | (22.5) | - | - | - |
| London Implant Retrieval Centre | 12.0 | - | (12.0) | - | - | - |
| | 1,837.4 | 561.2 | (547.5) | - | 31.7 | 1,882.8 |
| Endowment Fund | | | | | | |
| Chatterjee Fund | 351.2 | 13.3 | (12.7) | - | 18.6 | 370.4 |
| Soli Lam Spinal Fellowship Fund | 295.0 | 13.2 | (17.4) | - | 22.7 | 313.5 |
| Soli Lam Orthopaedic Fellowship Fund | 631.7 | 22.6 | (13.6) | - | 38.8 | 679.5 |
| | 1,277.9 | 49.1 | (43.7) | - | 80.1 | 1,363.4 |
| | 6,008.7 | 2,933.4 | (3,122.4) | - | 323.1 | 6,142.8 |

Comparative Total Funds

| | 1-Jan- 2016 | Incoming resources | Outgoing resources | Transfers between funds | Net investment gain/(loss) | 31-Dec- 2016 |
|--------------------------------------|----------------|-----------------------|-----------------------|-------------------------------|----------------------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Funds | 2,607.3 | 2,352.0 | (2,270.4) | (33.0) | 237.5 | 2,893.4 |
| Restricted Funds | | | | | | |
| Benevolent Fund | 563.7 | 20.4 | (87.8) | - | 51.0 | 547.3 |
| Research Fund | 650.2 | 586.4 | (73.6) | - | - | 1,163.0 |
| E-Learning Fund | 77.0 | - | (97.3) | 20.3 | - | - |
| Casting Co-ordinator | 0.4 | 11.1 | (16.6) | 5.1 | - | - |
| Howard Steel Foundation | 42.1 | - | (2.1) | - | - | 40.0 |
| Naughton Dunn Memorial Lecture Fund | 8.0 | - | (0.4) | - | - | 7.6 |
| Grants | 11.6 | - | - | - | - | 11.6 |
| British Hip Society | 113.3 | 160.2 | (219.2) | - | - | 54.3 |
| Zimmer Fellowship | 4.7 | 16.6 | (19.7) | - | - | 1.6 |
| Singhal Fellowship | - | 1.5 | (1.5) | - | - | - |
| Andrew Sprowson Fellowship | - | 1.5 | (1.5) | - | - | - |
| ABC Fellowship | - | 3.8 | (3.8) | - | - | - |
| Quality Outcomes | - | 29.2 | (36.8) | 7.6 | - | - |
| London Implant Retrieval Centre | 12.0 | - | - | - | - | 12.0 |
| | 1,483.0 | 830.7 | (560.3) | 33.0 | 51.0 | 1,837.4 |
| Endowment Fund | | | | | | |
| Chatterjee Fund | 324.5 | 12.9 | (9.4) | - | 23.2 | 351.2 |
| Soli Lam Spinal Fellowship Fund | 271.9 | 12.8 | (16.2) | - | 26.5 | 295.0 |
| Soli Lam Orthopaedic Fellowship Fund | 578.1 | 21.8 | (13.5) | - | 45.3 | 631.7 |
| | 1,174.5 | 47.5 | (39.1) | - | 95.0 | 1,277.9 |
| | 5,264.8 | 3,230.2 | (2,869.8) | - | 383.5 | 6,008.7 |

Note 12: Total funds (cont.)

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.

E-Learning Fund

This fund was originally received to fund the development of the electronic logbook for trainees. The remaining funds have been used to fund the development of the e-learning Wikipaedics platform.

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.

Other restricted funds

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

Endowment Fund

An endowment of £300.0k 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 £529.1k was received from the estate of Mr Soli Lam in 2013; the income from this endowment is to support an annual traveling orthopaedic fellowship.

Transfers

During 2016 the following restricted funds; E-Learning, Casting Co-Ordinator and Quality Outcomes exceeded the funding held as a result the BOA general fund covered the extra costs.

Note 13: Operating lease commitments

At 31 December 2017 the Association had annual commitments under non-cancellable operating leases as follows:

| | 2017 | | 2016 | |
|----------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Payment date: | | | | |
| Within one year | 77.4 | 3.2 | 116.5 | 15.8 |
| Between two and five years | 187.0 | - | 58.3 | 4.7 |
| Over five years | - | - | - | - |
| | 264.4 | 3.2 | 174.8 | 20.5 |

During 2017 we paid rent and services charges to the Royal College of Surgeons and a photocopying lease to Siemens.

Note 14: Financial instruments

| | 2017 £'000 | 2016 £'000 |
|---------------------------------------|----------------|----------------|
| Assets at amortised costs | | |
| Cash | 1,541.7 | 1,618.2 |
| Trade debtors | 176.6 | 71.0 |
| Other debtors | 27.4 | 7.2 |
| Accrued income | 328.5 | 380.8 |
| Member subscription debtors | 4.7 | 10.5 |
| | 2,078.9 | 2,087.7 |
| Liabilities at amortised costs | | |
| Trade creditors | 126.7 | 103.4 |
| Accruals | 262.2 | 207.5 |
| Other Creditors | 166.1 | 174.6 |
| | 555.0 | 485.5 |
| Assets at fair value | | |
| Investments | 4,566.8 | 4,243.6 |

Note 15: Staff Costs

| | 2017 £'000 | 2016 £'000 |
|-----------------------|----------------|---------------|
| Wages and salaries * | 745.5 | 777.3 |
| Social Security costs | 77.1 | 71.3 |
| Pension costs ** | 123.7 | 76.7 |
| Other staff costs | 100.4 | 70.2 |
| | 1,046.7 | 995.5 |

* In 2017, redundancy and termination payment totalling £31.9k were made to an ex-employee (2016: £41.8k). Termination payment totals now include National Insurance payments.

** In 2017, the Pension provision for the additional 3% contribution going towards the pension deficit was £49.4k (2016: £25.8k) the provision was extended by an additional 2 years to March 2020.

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

| | 2017 | 2016 |
|--------------------|---------------|---------------|
| | Number | Number |
| £60,000 - £70,000 | 2 | - |
| £80,000 - £90,000 | - | 1 |
| £90,000 - £100,000 | 1 | - |
| | 3 | 1 |

The total remuneration to key management for the year was £376.4k (2016: £359.6k)

The average number of employees analysed by function was:

| | 2017 | 2016 |
|-----------------------------------|---------------|---------------|
| | Number | Number |
| Fundraising | 1 | 1 |
| Membership | 2 | 2 |
| Annual Congress | 5 | 5 |
| Courses and Exams | 1 | 2 |
| Education & Professional Practice | 6 | 6 |
| Publications | 1 | 2 |
| Governance | 1 | 1 |
| | 17 | 19 |

No Trustee received remuneration during the year (2016: Nil). Out of pocket expenses for 18 Trustees (2016: 18) were £40k (2016: £26.3k). This includes outstanding amounts at the year-end of £1.3k (2016: £2.3k)

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.

Accounting Policy

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 contribution of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive), this has been extended to March 2020 (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 £49.4k as at 31 December 2017. This liability is based on a projection of Salaries over the period to 31 March 2020.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2014 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:

| Latest actuarial valuation | 31.03.2014 | 31.3.2011 | |
|---|-------------------|------------------|---------------------------|
| Investment return per annum | 3.86% | 4.70% | |
| Salary scale increases per annum | 3.72% | 3.75% | To 31/04/14 thereafter |
| | | 4.5% | |
| Pension increases per annum | 2.72% | 2.80% | |
| Market value of assets | £1,927 Million | £1,506 Million | |
| Liabilities at date of last valuation | £1,986 Million | £1,581 Million | |
| (Deficit)/surplus in scheme | (£59 million) | (£75 million) | |
| Proportion of accrued benefits covered by the actuarial value | 97% | 95% | |

| The total pension cost for the Association was: | Year ended | Year ended |
|--|-------------------|-------------------|
| | 31-Dec-17 | 31-Dec-16 |
| | £'000 | £'000 |
| Contributions to SAUL | 96.3 | 88.4 |
| Other Pension Costs | 3.8 | 3.8 |
| Pension Deficit Provision | 23.6 | (15.5) |
| Total Pension cost | 123.7 | 76.7 |

The employers contribute 13% of salaries plus an additional 3% toward to the pension deficit, staff members' contribute 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.

Note 16: Related Parties

There have been no related party transactions in the reporting period that require disclosure.