

- DO NOT STAPLE  
- PRINT ON ONE SIDE ONLY

# FORM AR21

Trade Union and Labour Relations (Consolidation) Act 1992

## ANNUAL RETURN FOR A TRADE UNION

Name of Trade Union:

British Medical Association

Year ended:

31 December 2015

List no:

397T

Head or Main Office:

BMA House  
Tavistock Square  
London  
WC1H 9JP

Website address (if available)

www.bma.org.uk

Has the address changed during the year to which the return relates?

Yes

No

(Click the appropriate box)

General Secretary:

Dr Mark Porter

Telephone Number:

0207 383 6000

Contact name for queries regarding

Jay Patel

Telephone Number:

0207 383 6293

E-mail:

jpatel@bma.org.uk

**PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.**

Any difficulties or problems in the completion of this return should be directed to the Certification Officer as below or by telephone to: 020 7210 3734

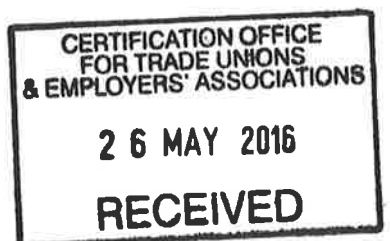
The address to which returns and other documents should be sent are:

For Unions based in England and Wales:

Certification Office for Trade Unions and Employers' Associations  
22<sup>nd</sup> Floor, Euston Tower, 286 Euston Road, London NW1 3JJ

For Unions based in Scotland:

Certification Office for Trade Unions and Employers' Associations  
Melrose House, 69a George Street, Edinburgh EH2 2JG



(Revised February 2011)

# British Medical Association

## Members of Council

BMA council generally has 34 voting members, although this may be increased to a maximum of 38 voting members. Each is directly elected by the membership to give a geographical and cross-branch of practice mix. There are also a number of ex-officio non-voting members, including those who chair the many committees reporting to council.

Council sets the strategic direction of the BMA in line with policy decided by the representative body at the annual representative meeting. Council is responsible for the formulation of policy throughout the year and for ensuring the implementation of that policy. Council is the principal executive committee of the trade union.

Council also appoints members to central boards and committees, can establish additional committees and working groups.

Dr David Bailey	Mr Derek Machin
Dr JS Bamrah	Dr Johann Malawana
Dr Philip Banfield	Dr Dean Marshall
Mr Charles John Mackinnon Bell	Dr J Brendan McKeating
Dr Peter Bennie	Dr Helena McKeown
Dr Keith Brent	Dr Kitty Mohan
Mr Harrison Carter	Dr Robert Morley
Dr Kailash Chand (Deputy chair of council)	Dr Lewis Morrison
Dr John Chisholm	Dr Anthea Mowat
Dr Jonathan Richard Ian Coates	(Deputy chair of representative body)
Dr Andrew Collier	Dr Chaand Naggpaul
Professor Peter Dangerfield	Dr Clive Peedell
Dr Jacqueline Davis	Dr Trevor Pickersgill
Dr Andrew Dearden (Treasurer)	Dr Allyson Mary Pollock
Dr Thomas Dolphin	Dr Mark Porter (Chair of council)
Dr Sam Everington	Dr George Rae
Sir Albert Aynsley-Green (President)	Professor Michael Rees
Dr Sara Ann Hedderwick	Dr Radhakrishna Shanbhag
Dr Peter Holden	Dr Peter Terry
Professor the Baroness Sheila Hollins	Dr Richard Vautrey
Dr Marie-Louise Irvine	Dr Stephen Watkins
Dr Iain Thomas Robert Kennedy	Dr Mark James Stewart Weir
Mr Armit Kochhar	Dr Ian Wilson
Miss Elizabeth Lee	(Chair of representative body)
Mr Joseph Lippincott III	Dr John Woods
Ms Catherine Macadam	Dr David Wrigley

## BMA board of directors

The directors are responsible for the management of the finances and general administration of the BMA. They ensure the implementation of the strategic and operational objectives and resolutions made by council, pursuant to the Articles of the Association.

Dr Mark Porter, Chair of council	Dr John Chisholm (Council member)
Mr Keith Ward, Chief executive	Dr Lewis Morrison (Council member)
Dr Ian Wilson, Chair of the representative body	Mrs Joan Howard, Lay member
Dr Andrew Dearden, Treasurer	Mr Patrick Murphy, Finance and corporate services director
Dr Kailash Chand (Council member)	

## BMJ Publishing Group Limited board of directors

Mr Joseph Lippincott III (Chair)	Dr Hamish Meldrum
Mr Timothy Brooks	Dr Kiran Patel
Dr Fiona Godlee	Mr Keith Ward
Mr Patrick Spencer	Mrs Jill Ainscough
Dr Justin Whatling	Ms Sharmila Nebhrajani
Dr David Berger	

## Oversight and finance committee

Dr Andrew Dearden (Chair)	Mr Patrick Murphy
Dr David Bailey	Dr Mark Porter
Mr Jon Collins	Mr Arslan Sharif
Dr Peter Holden	Dr Peter Terry
Mr Derek Machin	Mr Keith Ward
Dr Helena McKeown	Dr Ian Wilson
Dr Robert Morley	

## BMA audit and risk committee

Mr Stuart Cruickshank (Chair)	Dr J David Watts
Mr Jacques Cadranet	Dr Fay Wilson
Dr Dean Marshall	

## Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## Lawyers

Gateley  
Ship Canal House  
98 King Street  
Manchester  
M2 4WU  
Capital Law  
Capital Building  
Tyndall Street  
Cardiff  
CF10 4AZ

## Bankers

NatWest  
Tavistock Square Branch  
PO Box 83  
Tavistock House  
Tavistock Square  
London  
WC1H 9XA

## Registered Office

BMA House  
Tavistock Square  
London  
WC1H 9JR

Registered Number: 8848

# RETURN OF MEMBERS

(see notes 10 and 11)

	NUMBER OF MEMBERS AT THE END OF THE YEAR				
	Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	TOTALS
MALE	83,067	2,781	93	1,767	<b>87,708</b>
FEMALE	78,227	2,921	61	991	<b>82,200</b>
TOTAL	161,294	5,702	154	2,758	<b>A 169,908</b>

Number of members included in totals box 'A' above for whom no home or authorised address is held:

2,386
-------

Number of members at end of year contributing to the General Fund

163,793
---------

## OFFICERS IN POST

(see note 12)

**Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.**

## RETURN OF CHANGE OF OFFICERS

**Please complete the following to record any changes of officers during the twelve months covered by this return.**

Title of Office	Name of Officer ceasing to hold office	Name of Officer Appointed	Date
President	Baroness Ilora Finlay of Llandaff	Sir Al Aynsley-Green	July 2015

State whether the union is:

a. A branch of another trade union?

Yes

No

If yes, state the name of that other union:

b. A federation of trade unions?

Yes

No

If yes, state the number of affiliated unions:

and names:

# GENERAL FUND

(see notes 13 to 18)

	£	£
<b>INCOME</b>		
<b>From Members:</b> Contributions and Subscriptions		
<b>From Members:</b> Other income from members (specify)		
<b>Total other income from members</b>		
<b>Total of all income from members</b>		
<b>Investment income (as at page 12)</b>		
<b>Other Income</b>		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)		
<b>Total of other income (as at page 4)</b>		
		<b>TOTAL INCOME</b>
<b>EXPENDITURE</b>		
<b>Benefits to members (as at page 5)</b>		
<b>Administrative expenses (as at page 10)</b>		
<b>Federation and other bodies (specify)</b>		
<b>Total expenditure Federation and other bodies</b>		
<b>Taxation</b>		
		<b>TOTAL EXPENDITURE</b>
Surplus (deficit) for year		
Amount of general fund at beginning of year		
Amount of general fund at end of year		

# ANALYSIS OF INCOME FROM FEDERATION AND OTHER BODIES AND OTHER INCOME

(see notes 19 and 20)

DESCRIPTION	£	£
<b>Federation and other bodies</b>		
<b>TOTAL FEDERATION AND OTHER BODIES</b>		
<b>Other income</b>		
<b>TOTAL OTHER INCOME</b>		
<b>TOTAL OF ALL OTHER INCOME</b>		

# ANALYSIS OF BENEFIT EXPENDITURE SHOWN AT GENERAL FUND

(see notes 21 to 23)

	£		£
Representation – Employment Related Issues		<b>brought forward</b>	
		Education and Training services	
Representation – Non Employment Related Issues			
		Negotiated Discount Services	
Communications			
		Salary Costs	
Advisory Services			
		Other Benefits and Grants (specify)	
Dispute Benefits			
Other Cash Payments			
<b>carried forward</b>		<b>Total (should agree with figure in General Fund)</b>	

(See notes 24 and 25)

FUND 2		Fund Account	
Name:		£	£
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
<b>Amount of fund at the end of year (as Balance Sheet)</b>			
<b>Number of members contributing at end of year</b>			

FUND 3		Fund Account	
Name:		£	£
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
<b>Amount of fund at the end of year (as Balance Sheet)</b>			
<b>Number of members contributing at end of year</b>			

(See notes 24 and 25)

<b>FUND 4</b>		<b>Fund Account</b>	
<b>Name:</b>		<b>£</b>	<b>£</b>
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		

<b>FUND 5</b>		<b>Fund Account</b>	
<b>Name:</b>		<b>£</b>	<b>£</b>
<b>Income</b>	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	<b>Total other income as specified</b>		
	<b>Total Income</b>		
<b>Expenditure</b>	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	<b>Total Expenditure</b>		
	<b>Surplus (Deficit) for the year</b>		
	<b>Amount of fund at beginning of year</b>		
	<b>Amount of fund at the end of year (as Balance Sheet)</b>		
	<b>Number of members contributing at end of year</b>		



(See notes 24 and 25)

FUND 6		Fund Account	
Name:	£	£	
<b>Income</b>			
From members			
Investment income (as at page 12)			
Other income (specify)			
		<b>Total other income as specified</b>	
		<b>Total Income</b>	
<b>Expenditure</b>			
Benefits to members			
Administrative expenses and other expenditure (as at page 10)			
		<b>Total Expenditure</b>	
		<b>Surplus (Deficit) for the year</b>	
		<b>Amount of fund at beginning of year</b>	
		<b>Amount of fund at the end of year (as Balance Sheet)</b>	
		<b>Number of members contributing at end of year</b>	

FUND 7		Fund Account	
Name:	£	£	
<b>Income</b>			
From members			
Investment income (as at page 12)			
Other income (specify)			
		<b>Total other income as specified</b>	
		<b>Total Income</b>	
<b>Expenditure</b>			
Benefits to members			
Administrative expenses and other expenditure (as at page 10)			
		<b>Total Expenditure</b>	
		<b>Surplus (Deficit) for the year</b>	
		<b>Amount of fund at beginning of year</b>	
		<b>Amount of fund at the end of year (as Balance Sheet)</b>	
		<b>Number of members contributing at end of year</b>	

(see notes 26 to 31)

<b>POLITICAL FUND ACCOUNT 1</b>		<b>To be completed by trade unions which maintain their own fund</b>	
		<b>£</b>	<b>£</b>
<b>Income</b>	Members contributions and levies		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total income		
<b>Expenditure</b>	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
	Total expenditure		
	Surplus (deficit) for year		
	Amount of political fund at beginning of year		
	Amount of political fund at the end of year (as Balance Sheet)		
	Number of members at end of year contributing to the political fund		
	Number of members at end of the year not contributing to the political fund		
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		

<b>POLITICAL FUND ACCOUNT 2</b>		<b>To be completed by trade unions which act as components of a central trade union</b>	
		<b>£</b>	<b>£</b>
<b>Income</b>	Contributions and levies collected from members on behalf of central political		
	Funds received back from central political fund		
	Other income (specify)		
	Total other income as specified		
	Total income		
<b>Expenditure</b>	Expenditure under section 82 of the Trade Union and Labour Relations (Consolidation) Act 1992 (specify)		
	Administration expenses in connection with political objects (specify)		
	Non-political expenditure		
	Total expenditure		
	Surplus (deficit) for year		
	Amount held on behalf of trade union political fund at beginning of year		
	Amount remitted to central political fund		
	Amount held on behalf of central political fund at end of year		
	Number of members at end of year contributing to the political fund		
	Number of members at end of the year not contributing to the political fund		
	Number of members at end of year who have completed an exemption notice and do not therefore contribute to the political fund		

# ANALYSIS OF ADMINISTRATIVE EXPENSES AND OTHER OUTGOINGS EXCLUDING AMOUNTS CHARGED TO POLITICAL FUND ACCOUNTS

(see notes 32 and 33)

	£
<b>Administrative Expenses</b>	
Remuneration and expenses of staff	
Salaries and Wages included in above	£
Auditors' fees	
Legal and Professional fees	
Occupancy costs	
Stationery, printing, postage, telephone, etc.	
Expenses of Executive Committee (Head Office)	
Expenses of conferences	
Other administrative expenses (specify)	
<b>Other Outgoings</b>	
Interest payable:	
Bank loans (including overdrafts)	
Mortgages	
Other loans	
Depreciation	
Taxation	
Outgoings on land and buildings (specify)	
Other outgoings (specify)	
<b>Total</b>	
Charged to:	
General Fund (Page 3)	
Fund (Account )	
Fund (Account )	
Fund (Account )	
Fund (Account )	
<b>Total</b>	

**ANALYSIS OF OFFICIALS' SALARIES AND BENEFITS - 2015**

Employee ID	Surname	Initials	Title	OFFICE HELD	TOTAL EXC ERS' NIC	PENSION CONTRIBUTIONS	BENEFITS	EMPLOYERS NIC	TOTAL INC ERS' NIC
	Porter	M	Dr	Chairman of BMA	40,348.00	0.00	0.00	4,456.35	44,804.35
	Dearden	A	Dr	Elected Official - BMA Board	104,123.00	22,154.00	0.00	13,253.40	139,530.40
	Wilson	I	Dr	Elected Official - BMA Board	48,085.00	0.00	0.00	5,521.95	53,606.95
	Chisholm	J	Dr	Elected Official - BMA Board	5,750.00	0.00	0.00	0.00	5,750.00
	Morrison	L	Dr	Elected Official - BMA Board	8,000.00	0.00	0.00	0.00	8,000.00
	Chand	K	Dr	Elected Official - BMA Board	20,000.00	0.00	0.00	1,647.75	21,647.75
					<b>226,306.00</b>	<b>22,154.00</b>	<b>0.00</b>	<b>24,879.45</b>	<b>273,339.45</b>



# ANALYSIS OF INVESTMENT INCOME

(see notes 45 and 46)

	Political Fund £		Other Fund(s) £
Rent from land and buildings			
Dividends (gross) from:			
Equities (e.g. shares)			
Interest (gross) from:			
Government securities (Gilts)			
Mortgages			
Local Authority Bonds			
Bank and Building Societies			
Other investment income (specify)			
		Total investment income	
		Credited to:	
		General Fund (Page 3)	
		Fund (Account )	
		Fund (Account )	
		Fund (Account )	
		Fund (Account )	
		Fund (Account )	
		Political Fund	
		Total Investment Income	

# BALANCE SHEET as at

(see notes 47 to 50)

Previous Year		£	£
	<b>Fixed Assets</b> (at page 14)		
	<b>Investments</b> (as per analysis on page 15)		
	Quoted (Market value £      )		
	Unquoted		
	<b>Total Investments</b>		
	<b>Other Assets</b>		
	Loans to other trade unions		
	Sundry debtors		
	Cash at bank and in hand		
	Income tax to be recovered		
	Stocks of goods		
	Others (specify)		
	<b>Total of other assets</b>		
	<b>TOTAL ASSETS</b>		
	Fund (Account    )		
	Fund (Account    )		
	Fund (Account    )		
	Superannuation Fund (Account    )		
	Political Fund (Account    )		
	Revaluation Reserve		
	<b>LIABILITIES</b>		
	Amount held on behalf of central trade union political fund		
	Loans: From other trade unions		
	Loans: Other		
	Bank overdraft		
	Tax payable		
	Sundry creditors		
	Accrued expenses		
	Provisions		
	Other liabilities		
	<b>TOTAL LIABILITIES</b>		

	<b>TOTAL ASSETS</b>	
--	---------------------	--



# FIXED ASSETS ACCOUNT

(see notes 51 to 55)

	Land and Buildings		Furniture and Equipment £	Motor Vehicles £	Not used for union business £	Total £
	Freehold old £	Leasehold £				
<b>Cost or Valuation</b>						
At start of year						
Additions						
Disposals						
Revaluation/Transfers						
At end of year						
<b>Accumulated Depreciation</b>						
At start of year						
Charges for year						
Disposals						
Revaluation/Transfers						
At end of year						
<b>Net book value at end of year</b>						
<b>Net book value at end of previous year</b>						

# ANALYSIS OF INVESTMENTS

(see notes 56 and 57)

QUOTED	All Funds Except Political Funds £	Political Fund  £
Equities (e.g. Shares)		
Government Securities (Gilts)		
Other quoted securities (to be specified)		
TOTAL QUOTED (as Balance Sheet)		
Market Value of Quoted Investment		
<b>UNQUOTED</b> Equities		
Government Securities (Gilts)		
Mortgages		
Bank and Building Societies		
Other unquoted investments (to be specified)		
TOTAL UNQUOTED (as Balance Sheet)		
Market Value of Unquoted Investments		

# ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 58 and 59)

<b>Does the union, or any constituent part of the union, have a controlling interest in any limited company?</b>		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If YES name the relevant companies:			
COMPANY NAME	COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered)		
<b>Are the shares which are controlled by the union registered in the names of the union's trustees?</b>		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the union are registered.			
COMPANY NAME	NAMES OF SHAREHOLDERS		

# SUMMARY SHEET

(see notes 60 to 71)

	All funds except Political Funds £	Political Funds £	Total Funds £
<b>INCOME</b>			
From Members	46,891,000	0	46,891,000
From Investments	2,661,000	0	2,661,000
Other Income (including increases by revaluation of assets)	82,755,000	0	82,755,000
<b>Total Income</b>	132,307,000	0	132,307,000
<b>EXPENDITURE</b> (including decreases by revaluation of assets)	(135,761,000)	0	(135,761,000)
<b>Total Expenditure</b>	(3,454,000)	0	(3,454,000)
<b>Funds at beginning of year</b> (including reserves)	107,736,000	0	107,736,000
<b>Funds at end of year</b> (including reserves)	104,282,000	0	104,282,000
<b>ASSETS</b>			
Fixed Assets			11,812,000
Investment Assets			103,578,000
Other Assets			39,053,000
		<b>Total Assets</b>	154,443,000
<b>LIABILITIES</b>		<b>Total Liabilities</b>	(50,161,000)
<b>NET ASSETS (Total Assets less Total Liabilities)</b>			104,282,000

# NOTES TO THE ACCOUNTS

(see notes 72 and 73)

All notes to the accounts must be entered on or attached to this part of the return.

A large, empty rectangular box with a black border, intended for the user to enter or attach notes to the accounts. The box occupies most of the page below the instructions.


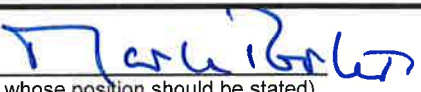
# ACCOUNTING POLICIES

(see notes 74 and 75)

## SIGNATURES TO THE ANNUAL RETURN

(see notes 76 and 77)

including the accounts and balance sheet contained in the return.

Secretary's Signature:  Name: <u>KEVIN WARD</u> Date: <u>12/5/16</u>	Chairman's Signature:  (or other official whose position should be stated) Name: <u>M. PORTER</u> Date: <u>12 May 2016</u>
---	--

## CHECK LIST

(see notes 78 to 80)

(please tick as appropriate)

IS THE RETURN OF OFFICERS ATTACHED? (see Page 2 and Note 12)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 2 and Note 12)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE RETURN BEEN SIGNED? (see Pages 19 and 21 and Notes 76 and 77)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
HAS THE AUDITOR'S REPORT BEEN COMPLETED? (see Pages 20 and 21 and Notes 2 and 77)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
IS A RULE BOOK ENCLOSED? (see Notes 8 and 78)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
A MEMBER'S STATEMENT IS: (see Note 80)	ENCLOSE D	<input type="checkbox"/>	TO FOLLOW	<input type="checkbox"/>
HAS THE SUMMARY SHEET BEEN COMPLETED (see Page 17 and Notes 7 and 59)	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>

# AUDITOR'S REPORT

(see notes 81 to 86)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?  
(See section 36(1) and (2) of the 1992 Act and notes 83 and 84)

YES/ NO

If "No" please explain below.

2. Have the auditors or auditor carried out such investigations in the preparation of their audit report as will enable them to form an opinion as to:
- (a) whether the trade union has kept proper accounting records in accordance with section 28 of the 1992 Act;
  - (b) whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
  - (c) whether the accounts to which the report relates agree with the accounting records?
- (See section 36(3) of the 1992 Act, set out in note 83)

YES/ NO

If "No" please explain below.

3. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
- (a) kept proper accounting records with respect to its transactions and its assets and liabilities; and
  - (b) established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
- (See section 36(4) of the 1992 Act set out in rule 83)

YES/ NO

If "No" please explain below.

4. Please set out a copy of the report made by the auditors or auditor to the union on the accounts to which this AR21 relates. The report is to set out the basis upon which the audit has been conducted and/or such other statement as the auditor considers appropriate. Such a statement may be provided as a separate document.  
(See note 85)

## AUDITOR'S REPORT (continued)

The above responses merely reference matters set out in our attached independent auditors' report to the members on the financial statements of the British Medical Association for the year ended 31 December 2015 dated 23 March 2016 (the "annual financial statements auditors' report"). This report is not a substitute for reading the annual financial statements auditors' report and the financial statements to which they relate. We have not performed any additional procedures in giving this report except for agreeing that the amounts and disclosures in the return are accurately extracted from the attached annual financial statements.

The above responses and the annual financial statements auditors' report, including the opinion, are prepared for and only for the members of the British Medical Association as a body in accordance with the statutory audit and for no other purpose. We do not, in giving the opinion, accept or assume responsibility for any other purpose or to any other person who receives our annual financial statements' auditors' report unless otherwise agreed by us in writing.

Signature(s) of auditor or auditors:		
Name(s):	Kate Wolstenholme	
Profession(s) or Calling(s):	Senior Statutory Auditor	
Address(es):	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Date:	26/3/2016	
Contact name and telephone number:	020 7804 4803	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.



# BMA

## British Medical Association

(Company number: 8848)

### BMA Annual Report – Financial Statements for the year ended 31 December 2015

British Medical Association  
BMA House, Tavistock Square, London, WC1H 9JP  
[bma.org.uk](http://bma.org.uk)

© British Medical Association, 2016



British Medical Association  
[bma.org.uk](http://bma.org.uk)

# British Medical Association

## Members of Council

BMA council generally has 34 voting members, although this may be increased to a maximum of 38 voting members. Each is directly elected by the membership to give a geographical and cross-branch of practice mix. There are also a number of ex-officio non-voting members, including those who chair the many committees reporting to council.

Council sets the strategic direction of the BMA in line with policy decided by the representative body at the annual representative meeting. Council is responsible for the formulation of policy throughout the year and for ensuring the implementation of that policy. Council is the principal executive committee of the trade union.

Council also appoints members to central boards and committees, can establish additional committees and working groups.

Dr David Bailey	Mr Derek Machin
Dr JS Bamrah	Dr Johann Malawana
Dr Philip Banfield	Dr Dean Marshall
Mr Charles John Mackinnon Bell	Dr J Brendan McKeating
Dr Peter Bennie	Dr Helena McKeown
Dr Keith Brent	Dr Kitty Mohan
Mr Harrison Carter	Dr Robert Morley
Dr Kailash Chand (Deputy chair of council)	Dr Lewis Morrison
Dr John Chisholm	Dr Anthea Mowat
Dr Jonathan Richard Ian Coates	(Deputy chair of representative body)
Dr Andrew Collier	Dr Chaand Nagpaul
Professor Peter Dangerfield	Dr Clive Peedell
Dr Jacqueline Davis	Dr Trevor Pickersgill
Dr Andrew Dearden (Treasurer)	Dr Allyson Mary Pollock
Dr Thomas Dolphin	Dr Mark Porter (Chair of council)
Dr Sam Everington	Dr George Rae
Sir Albert Aynsley-Green (President)	Professor Michael Rees
Dr Sara Ann Hedderwick	Dr Radhakrishna Shanbhag
Dr Peter Holden	Dr Peter Terry
Professor the Baroness Sheila Hollins	Dr Richard Vautrey
Dr Marie-Louise Irvine	Dr Stephen Watkins
Dr Iain Thomas Robert Kennedy	Dr Mark James Stewart Weir
Mr Armit Kochhar	Dr Ian Wilson
Miss Elizabeth Lee	(Chair of representative body)
Mr Joseph Lippincott III	Dr John Woods
Ms Catherine Macadam	Dr David Wrigley

## BMA board of directors

The directors are responsible for the management of the finances and general administration of the BMA. They ensure the implementation of the strategic and operational objectives and resolutions made by council, pursuant to the Articles of the Association.

Dr Mark Porter, Chair of council	Dr John Chisholm (Council member)
Mr Keith Ward, Chief executive	Dr Lewis Morrison (Council member)
Dr Ian Wilson, Chair of the representative body	Mrs Joan Howard, Lay member
Dr Andrew Dearden, Treasurer	Mr Patrick Murphy, Finance and corporate services director
Dr Kailash Chand (Council member)	

## BMJ Publishing Group Limited board of directors

Mr Joseph Lippincott III (Chair)	Dr Hamish Meldrum
Mr Timothy Brooks	Dr Kiran Patel
Dr Fiona Godlee	Mr Keith Ward
Mr Patrick Spencer	Mrs Jill Ainscough
Dr Justin Whatling	Ms Sharmila Nebhrajani
Dr David Berger	

## Oversight and finance committee

Dr Andrew Dearden (Chair)	Mr Patrick Murphy
Dr David Bailey	Dr Mark Porter
Mr Jon Collins	Mr Arslan Sharif
Dr Peter Holden	Dr Peter Terry
Mr Derek Machin	Mr Keith Ward
Dr Helena McKeown	Dr Ian Wilson
Dr Robert Morley	

## BMA audit and risk committee

Mr Stuart Cruickshank (Chair)	Dr J David Watts
Mr Jacques Cadranel	Dr Fay Wilson
Dr Dean Marshall	

## Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## Lawyers

Gateley  
Ship Canal House  
98 King Street  
Manchester  
M2 4WU

Capital Law  
Capital Building  
Tyndall Street  
Cardiff  
CF10 4AZ

## Bankers

NatWest  
Tavistock Square Branch  
PO Box 83  
Tavistock House  
Tavistock Square  
London  
WC1H 9XA

## Registered Office

BMA House  
Tavistock Square  
London  
WC1H 9JR

Registered Number: 8848

## Directors' report

The directors present their report and the audited consolidated financial statements of the British Medical Association (BMA) for the year ended 31 December 2015.

### Principal activities

The principal activity of the British Medical Association (BMA) is to provide personal professional and representation services for its members.

BMJ Publishing Group Limited (BMJ) is a wholly owned subsidiary of the BMA. BMJ and its subsidiaries' principal activities are the production and distribution of medical information through various media including the flagship journal The BMJ.

### Employment matters and information

The BMA is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, age, colour, disability or sexual orientation. The BMA gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the BMA. If members of staff become disabled the BMA continues employment, either in the same or an alternative position, with appropriate retraining being given.

### Employee involvement

The BMA systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the BMA is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the BMA. The BMA encourages the involvement of employees by means of an internal magazine, notice boards, information bulletins and circulars. In addition, regular meetings are held with staff representatives on general and specific matters.

### Political and charitable donations

The BMA made no political donations during the year. It made various charitable donations totalling £205,000 (2014: £199,000). £185,000 was donated to medical education and research and £20,000 was donated to the humanitarian support of doctors.

### BMA House valuation

The directors consider that the market value of BMA House, London, based on its existing use, was in the region of £75 million at 31 March 2012. As stated in note 12 to the financial statements, this is significantly higher than the carrying value included within the balance sheet.

### Qualifying third party indemnity provision

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

### Independent auditors

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

### Disclosure of information to auditors

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

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

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

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the group and parent company financial statements (the "financial statements") in accordance with applicable law and regulations.

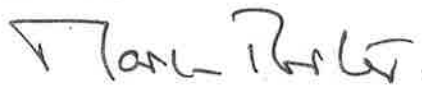
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



By order of the Board  
Dr M Porter,  
Chair of council

12 May 2016

# Strategic report for the year ended 31 December 2015

## Strategy Review

In the UK, we represent doctors both individually and collectively on a wide variety of employment issues and, since the inception of the NHS, we have been formally recognised for collective bargaining purposes within national negotiating machinery and by individual employers at local level.

As a professional body, through research and publishing we lead debate on key ethical, scientific and public health matters and award grants to encourage individual research in medicine.

Our strategic mission remains to "look after doctors so they can look after you" as this is designed to ensure we place our members and all doctors at the heart of what we do, so that they can concentrate on ensuring patients receive the best possible care, as we stand as one profession of doctors.

## Governance

### Representative body

The BMA policies are determined by doctors in local, regional and national forums. They send motions to the representative body (RB), which is the main policy-making body. The representative body is made up of 560 doctors from all parts of the profession. They come together at the annual representative meeting (ARM) to debate the motions and vote on them to formulate policy of the BMA.

### Council

Council sets the strategic direction of the BMA in line with policy decided by the representative body at the annual representative meeting. Council is responsible for the formulation of policy throughout the year and for ensuring the implementation of that policy. Council is the principal executive committee of the trade union.

### Board

The BMA board is tasked with directing the activities of the company in accordance with the Companies Act. The relationship with Council is via two routes:

- The articles of association of the company, which require the Board to ensure the implementation of strategic and operational objectives. Provided they are legal and do not constitute a breach of fiduciary duty to the company, all resolutions made by the BMA Council (who in turn maintain the existing relationship with the Representative Body), must be translated into the policy and activity of the company.
- The Audit committee, which is the primary source of oversight accountable to Council, tasked with risk management, the monitoring of effective controls and ongoing operational effectiveness.

**Our vision:** A profession of valued doctors delivering the highest quality health services

**Our values** are designed to ensure we place our members and all doctors at the heart of what we do.

- Expert: we are an indispensable source of credible information, guidance and support throughout doctors' professional lives.
- Committed: we are committed to all doctors and place them at the heart of every decision we make.
- Reliable: we are doctors' first port of call because we are trusted and dependable.
- Challenging: we are unafraid to challenge effectively on behalf of all doctors.
- Leading: we are an influential leader in supporting the profession and improving the health of our nation.

**Our strategic goals are:**

- All doctors have strong representation and expert guidance, whenever and wherever they need it
- All doctors have their individual needs responded to, through career long support and professional development
- All doctors are championed by the BMA and their voices are sought, heard and acted upon
- All doctors can connect with each other as a professional community
- All doctors can influence the advancement of health and the profession
- All staff and elected members are supported by effective business systems and processes

The BMJ Publishing Group Limited (BMJ) which is a wholly owned subsidiary of the BMA, seeks to advance healthcare by sharing knowledge and expertise to improve experiences, outcomes and value worldwide and aims to do this by stimulating and informing debate on health and healthcare as well as by creating the best evidence-based services and tools.

### Business Review

BMA Group income remained broadly flat at £130.1m (2014: £130.3m). The group loss for the year amounted to £6.2m (2014: restated surplus £20.3m). A number of significant one off activities contributed to the group deficit with both the BMA and BMJ reorganising business units during the period, with the latter disposing of Informatica Systems Limited for a nominal sum.

The group net worth of the association remains in good health at £104.3m. The closure to future accrual of the defined benefit pension scheme has been concluded. That scheme is fully funded on the ongoing basis that the Trustee has agreed with the Association and the Trustee has consulted with the BMA on its future investment plans. Presently the BMA is not required to contribute further to the scheme.

Our investment portfolio held by BMA Investments Limited has grown by 2.5 percent to £103.6m in 2015, reflecting a measured performance which was in line with the various benchmarks within the investment portfolio for 2015.

BMA membership revenue grew by 2.2 percent to £46.9m, again for second year without the need to increase the membership rate. Revenue from rental income and events performed well during the period, though a poor performance from BMA services had the net impact of a small increase in other income to £4.4m (2014: £4.2m). The BMJ had a mixed period, where advertising revenue grew to £48.7m, up 5.3 percent and subscriptions fell to £30.1m down from £34.0m in 2014.

In conclusion, the BMA Group remains strong financially, despite the financial performance in 2015, where a number of one off factors contributed to the deficit. Our financial stability and strength enables us to continue our core work of supporting doctors and promoting the health of the nation.

### Principal risks and uncertainties

It is clear the health system in the UK continues to face crisis after crisis which is well documented in all forms of media. Added to this, with the dispute in England with Junior Doctors contracts, the profession is facing unparalleled pressure from all possible sources. This is further complicated with the devolution of health across the four UK nations.

The BMA needs to ensure that it continues to influence policy and change within the UK health service. In addition, the BMA continues to increase its relevance to all doctors through all of our services to members and the profession e.g. leading negotiations for pay and benefits, providing support through employment disputes, career advice and life-long learning.

The key business risks and uncertainties affecting the BMJ are considered to relate to competition from other publishers, and the company recognises the need to invest and innovate to retain its market leading position which it will continue to do in 2016.

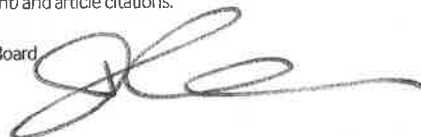
### Key performance indicators (KPI)

The BMA's most important KPI is its membership which stood at 169,908 at the end of the financial year, this grew by 15,305 or 9.9 percent. By ensuring that we are representative and provide up to date, relevant services, the BMA aims to retain and grow its membership. The continued growth of our membership ensures the BMA can maintain its position as a key player when negotiating and influencing health related policy.

BMJ measures performance by reference to its profitability and its influence in the medical community. Influence is monitored by a number of measures, including readership (both online and in print) and article citations.

By order of the Board

Dr A Dearden  
Treasurer



## Report of the Audit Committee for inclusion in the 2015 report of the Directors

### Audit and risk committee's report

During 2015, the audit and risk committee comprised the following members: Stuart Cruickshank (chair), Jacques Cadranel, Dean Marshall, David Watts and Fay Wilson.

In addition, Andrew Dearden (treasurer), Keith Ward (chief executive), Patrick Murphy (director of finance and corporate services) and Jay Lippincott (BMJ board chair), normally attend meetings. Other senior representatives of management, as well as the external and internal auditors, are invited to attend as and when required.

The committee met three times in 2015 and its agendas are designed to enable it to meet the requirements of its terms of reference, including:

### Integrity of financial reporting

The committee receives regular reports from the director of finance and corporate services and the treasurer regarding the financial performance, systems and processes operating within the BMA and its subsidiary, the BMJ Publishing Group Ltd. The committee considers the annual directors' report and financial statements and recommends their approval to BMA council. The audit and risk committee obtained sufficient assurance that the integrity of the Association's financial reporting was maintained during 2015.

### External auditors

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

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

### Governance and management process

The audit and risk committee is responsible for monitoring the ongoing effectiveness of the BMA's governance regime.

### Internal audit

The internal audit function is provided by KPMG and in this capacity reports to the chair of the audit and risk committee. The director of finance and corporate services exercises day to day management control over KPMG and during 2015 four audit assignments were completed.

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

One of the four audit assignments in 2015 was a review by KPMG of BMA governance. This report had been approved by the audit and risk committee which had noted the key areas of good practice and the key areas for development which had been identified.

The audit and risk committee has approved a detailed plan of internal audit work to be undertaken during 2016.

The audit and risk committee considered the shortlisted proposals for internal audit services. At a specially convened meeting on 10 February 2016. The committee agreed to re-appoint KPMG as the BMA's internal auditors from 1 April 2016.

### Risk assessment/management

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

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

To this end the committee works closely with the chief officers and senior management. A risk register identifies risk and actions taken or proposed by management in mitigation and receives close scrutiny by the committee. It also periodically reviews risk assessment methodology to ensure that it is appropriate to the current circumstances of the BMA Group and changes are introduced as appropriate.



Stuart Cruickshank  
Chair, Audit and risk committee

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

## Report on the financial statements

### Our opinion

In our opinion, British Medical Association's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's and the company's loss and the group's cash flows 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.

### What we have audited

The financial statements, included within the Annual Report, comprise:

- Company and consolidated balance sheet as at 31 December 2015;
- Company and consolidated income and expenditure accounts for the year then ended;
- Consolidated cash flows statement for the year then ended;
- Company and consolidated statement of comprehensive income;
- Company and consolidated statement of changes in equity; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Responsibilities of directors in respect of financial statements set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the 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.



**Kate Wolstenholme (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London**

12 May 2016

## Company and consolidated income and expenditure for the year ended 31 December 2015

	Note	BMA		Continuing operations		Discontinued operations		Consolidated Group	
		2015 £000	2014 £000	2015 £000	2015 £000	2015 £000	2014 £000	2014 £000	2014 £000
<b>Income</b>									
Memberships subscriptions		46,891	45,900	46,891	–	46,891	45,900	–	45,900
Income from other activities		7,137	7,304	4,371	–	4,371	4,194	–	4,194
<i>Publishing</i>									
Subscriptions		–	–	28,727	1,380	30,107	32,580	1,418	33,998
Advertising		–	–	47,375	1,307	48,682	44,797	1,411	46,208
		<u>54,028</u>	<u>53,204</u>	<u>127,364</u>	<u>2,687</u>	<u>130,051</u>	<u>127,471</u>	<u>2,829</u>	<u>130,300</u>
<b>Expenditure</b>									
Members' services		63,945	57,453	64,178	–	64,178	57,401	–	57,401
Other activities		2,883	3,110	–	–	–	–	–	–
Publishing		–	–	67,532	4,667	72,199	66,600	4,005	70,605
Goodwill impairment		–	–	–	–	–	–	3,665	3,665
		<u>66,828</u>	<u>60,563</u>	<u>131,710</u>	<u>4,667</u>	<u>136,377</u>	<u>124,001</u>	<u>7,670</u>	<u>131,671</u>
<b>Operating (deficit)/surplus</b>									
Members' services		(12,800)	(7,359)	(12,916)	–	(12,916)	(7,307)	–	(7,307)
Publishing		–	–	8,570	(1,980)	6,590	10,777	(4,841)	5,936
		<u>(12,800)</u>	<u>(7,359)</u>	<u>(4,346)</u>	<u>(1,980)</u>	<u>(6,326)</u>	<u>3,470</u>	<u>(4,841)</u>	<u>(1,371)</u>
Income from fixed assets	5	9,595	9,101	2,606	–	2,606	2,214	–	2,214
Interest receivable	6	15	18	55	–	55	47	1	48
Interest payable (inter-company)	7	(115)	(103)	–	–	–	–	–	–
Other finance income / expenditure	11	(392)	(449)	(392)	–	(392)	(449)	–	(449)
<b>(Deficit)/surplus on ordinary activities before taxation</b>	8	(3,697)	1,208	(2,077)	(1,980)	(4,057)	5,282	(4,840)	442
Staff Pension Scheme Contributions		–	21,935	–	–	–	21,935	–	21,935
Curtailment gain		–	–	–	–	–	–	–	–
Taxation	10	(706)	(617)	(2,089)	(9)	(2,098)	(2,129)	78	(2,051)
<b>(Deficit)/net surplus for the year</b>	19	<u>(4,403)</u>	<u>22,526</u>	<u>(4,166)</u>	<u>(1,989)</u>	<u>(6,155)</u>	<u>25,088</u>	<u>(4,762)</u>	<u>20,326</u>

On 30th November 2015, the company disposed of its 100% investment in Informatica Systems Limited and the results to the date of disposal are shown as discontinued operations above. All other operations relate to continuing activities.

There are no material differences between the deficit on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

## Company and consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	BMA		Consolidated	
		2015 £000	2014 £000	2015 £000	2014 £000
(Deficit)/net surplus for the financial year		(4,403)	22,526	(6,155)	20,326
Other comprehensive income:					
Remeasurements of net defined benefit obligation		227	(21,074)	227	(21,074)
Unrealised gains on investments		–	–	2,487	4,262
Deferred tax on revaluation of investment		–	–	(13)	(569)
<b>Total comprehensive (expense)/income for the year, net of tax</b>		<u>(4,176)</u>	<u>1,452</u>	<u>(3,454)</u>	<u>2,945</u>

## Company and consolidated balance sheets as at 31 December 2015

	Note	BMA		Consolidated	
		2015 £000	2014 £000	2015 £000	2014 £000
<b>Fixed Assets</b>					
Intangible assets	12	951	171	2,440	2,144
Tangible assets	13	9,291	9,505	9,372	9,611
Investments	14(a)(b)	—	—	103,578	101,091
Subsidiary undertaking	14(c)	140,878	140,878	—	—
		151,120	150,554	115,390	112,846
<b>Current assets</b>					
Inventories	15	—	—	122	136
Debtors	16	2,866	2,616	20,778	22,130
Cash held in liquidity fund		—	—	3,662	3,648
Cash at bank and in hand		4,855	11,417	14,491	20,978
		7,721	14,033	39,053	46,892
Creditors: amounts falling due within one year	17	(32,781)	(34,540)	(47,587)	(49,465)
Net current liabilities		(25,060)	(20,507)	(8,534)	(2,573)
Total assets less current liabilities		126,060	130,047	106,856	110,273
Provisions for other liabilities	18	(140)	(116)	(2,574)	(2,537)
<b>Net assets</b>		125,920	129,931	104,282	107,736
<b>Capital and reserves</b>					
Revaluation reserve – freehold property	13	454	454	454	454
Revaluation reserve – investments	20	—	—	26,825	24,338
Revaluation reserve – subsidiary undertakings	14(d)	59,000	59,000	—	—
Retained earnings	19	66,466	70,477	77,003	82,944
<b>Total equity</b>		125,920	129,931	104,282	107,736

The financial statements on pages 7 to 24 were approved by the Board on 12 May 2016 and were signed on its behalf by Dr A Dearden and Dr M Porter.

Dr A Dearden  
Treasurer

Dr M Porter  
Chair of council

The Company's registered number is 8848.



**Company and consolidated statement of changes in equity for the year ended 31 December 2015**

	Other reserves	BMA Retained earnings	Total equity	Other reserves	Consolidated Retained earnings	Total equity
Balance at 1 January 2014	59,454	69,025	128,479	20,530	84,261	104,791
Actuarial loss on pension scheme	—	(21,074)	(21,074)	—	(21,074)	(21,074)
Deferred tax on revaluation of investments	—	—	—	—	(569)	(569)
Net surplus for the financial year	—	22,526	22,526	—	20,326	20,326
Unrealised gains on investments	—	—	—	4,262	—	4,262
<b>Balance at 31 December 2014</b>	<b>59,454</b>	<b>70,477</b>	<b>129,931</b>	<b>24,792</b>	<b>82,944</b>	<b>107,736</b>
Balance at 1 January 2015	59,454	70,477	129,931	24,792	82,944	107,736
Loss for the financial year	—	(4,403)	(4,403)	—	(6,155)	(6,155)
Other comprehensive income for the year	—	392	392	2,487	227	2,714
Deferred tax on revaluation of investments	—	—	—	—	(13)	(13)
<b>Balance at 31 December 2015</b>	<b>59,454</b>	<b>66,466</b>	<b>125,920</b>	<b>27,279</b>	<b>77,003</b>	<b>104,282</b>

### Consolidated statement of cash flows for the year ended 31 December 2015

	Note	Consolidated	
		2015 £000	2014 £000
<b>Net cash from operating activities</b>	a	(2,510)	5,717
Taxation paid		(2,693)	(2,517)
<b>Net cash (used in)/generated from operating activities</b>		<u>(5,203)</u>	<u>3,200</u>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets		(901)	(171)
Purchase of tangible assets		(892)	(866)
Proceeds from disposals of tangible assets		22	99
Interest received		55	48
Dividends received		446	422
<b>Net cash used in investing activities</b>		<u>(1,270)</u>	<u>(468)</u>
Net increase in cash and cash equivalents		(6,473)	2,732
Cash and cash equivalents at the beginning of the year		<u>24,626</u>	<u>21,894</u>
Cash and cash equivalents at the end of the year		<u>18,153</u>	<u>24,626</u>
<b>Cash and cash equivalents consists of:</b>	b		
Cash at bank and in hand		(6,487)	2,224
Short term deposits (included in current asset investments)		14	508
<b>Cash and cash equivalents</b>		<u>(6,473)</u>	<u>2,732</u>
<b>Note a: Reconciliation of operating (deficit)/surplus to net cash inflow from operation activities</b>			
(Deficit)/net surplus for the year		(6,155)	20,326
Adjustments for:			
Tax on profit on ordinary activities		2,098	2,051
Income from fixed assets		(2,606)	(2,214)
Income from current assets		(55)	(48)
Other finance expenditure		392	449
Staff pension scheme contributions curtailment		–	(21,935)
Operating deficit		(6,326)	(1,371)
Difference between pensions charged and cash contributions		(165)	412
Surplus on rental income		2,160	1,792
Depreciation of tangible assets		1,101	1,252
Amortisation of intangible assets		605	4,175
Profit on disposal of tangible fixed assets		(36)	(58)
Working capital movements:			
Decrease in creditors		(702)	(960)
Decrease in debtors		839	476
Decrease/(Increase) in inventories		14	(1)
<b>Net cash (outflow)/inflow from operating activities</b>		<u>(2,510)</u>	<u>5,717</u>
<b>Note b: Reconciliation of net cash flow to movements in net (deficit)/funds</b>			
(Decrease)/Increase in cash in the year		(6,487)	2,224
Increase in cash held in liquidity fund		14	508
<b>Change in net (deficit)/funds</b>		<u>(6,473)</u>	<u>2,732</u>

## Notes to the financial statements for the year ended 31 December 2015

### 1. Statutory Information

British Medical Association is a company incorporated in England and Wales, registration number 8848. The registered office is BMA House, Tavistock Square, London, WC1H 9JP. The Association is a company limited by guarantee, the liability of members being limited to one pound sterling each.

### 2. Compliance with accounting standards

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable to the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

### 3. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 24.

#### a Basis of preparation

These consolidated financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom, including Financial Reporting Standard FRS102. The financial statements have been prepared on the historical costs basis except for the revaluation of freehold premises, revaluation of fixed asset investments and for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. The accounting policies have been applied consistently, other than where new policies have been adopted. The format of the income and expenditure account in the financial statements departs from the requirements of the Companies Act 2006, which states that a company's profit and loss account shall show all the items as listed in any one of its prescribed formats. This departure is, in the opinion of the board members, necessary to give a true and fair view of the activities of the Association. The remainder of the financial statements have been prepared in accordance with the Companies Act 2006. These consolidated financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014 and the financial statements are presented in Sterling (£).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Associations accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimated are significant to the financial statements are disclosed in note 4.

#### b Basis of consolidation

The consolidated financial statements are of the British Medical Association and its 100% owned subsidiaries – BMA Investments Ltd., BMA Law Limited, BMJ Publishing Group Ltd, Informatica Systems Ltd, BMJ Publishing Inc. (Incorporated and registered in California, USA), BMJ Group India Private Limited, BMJ (Beijing) Medical Science and Technology Co Limited and Medelect Limited. Intra-group sales and profits are eliminated on consolidation. Profits and losses of companies entering or leaving the Association are included from the date of acquisition or up to the date of disposal. Profits relating to Informatica Systems Ltd have been included within the consolidated financial statements in accordance with FRS 102 under the heading discontinued operations, up until the divestment date of 30th November 2015. Subsidiaries are fully consolidated from the date on which control is transferred to the Association. Control exists when the Association has the power directly or indirectly, to govern the financial and operating policies. The net assets of subsidiaries acquired are included on the basis of their fair value at the date consideration passes, or an offer is declared unconditional. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Association.

#### c Revenue recognition

##### (i) Membership subscriptions

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

##### (ii) Publishing subscriptions and advertising

Income and expenditure relating to publications is accounted for in the year within which the date of the publication falls. Income from publications subscriptions and service contracts are deemed to accrue evenly over the period of the subscription and service delivery respectively. The proportion of subscriptions invoiced but unearned at the balance sheet date is deferred and any income earned under service contracts is accrued. Advertising income is recognised as soon as obligations are fulfilled. Where results relate to discontinued activities, these are disclosed separately on the face of the income statement. Any income from learning events and conferences are accounted for in the financial year in which the events and conferences are held.

##### (iii) Venue event hire

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

#### d Foreign exchange

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

### 3. Accounting policies (continued)

#### e Financial instruments

The Association uses derivative financial instruments to hedge its exposures to fluctuations in foreign exchange rates however hedge accounting is not being applied. Sales made in foreign currencies are recognised in the income and expenditure account at the exchange rate ruling at the date of the transaction. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income and expenditure under finance costs or income as appropriate

#### f Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### g Employee benefits

The Association provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

##### (i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### (ii) Defined contribution pension plan

A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity. Once the contributions have been paid the Association has no further obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Association in independently administered funds.

##### (iii) Defined benefit pension plan

The Association operated a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit scheme assets are measured using market value. Liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities expected to arise from employee service in the period is charged to operating profit. The expected return on the assets and the increase during the period in the present value of the liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income. The individual companies within the Association have taken advantage of the multi-employer exemption provided by FRS 102 and account for the defined benefit scheme as if it were a defined contribution scheme. This is because they are unable to identify their share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis.

Following the closure of the scheme to future accrual on 31 July 2014, the remaining surplus is no longer recognisable under FRS102 and has been written off in the income and expenditure account.

#### h Goodwill and amortisation

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's net assets at acquisition date. Goodwill is capitalised in the Association's balance sheet and amortised in equal instalments over its expected useful life which is estimated to be 20 years. Were the Association is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. The Association evaluates the carrying value of goodwill in each financial year if a trigger of impairment has occurred to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the income and expenditure account.

#### i Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives. Software is currently 20% per year and is amortised to the expenditure account.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Association are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development cost previously recognised as an expense are not recognised as an asset in a subsequent period.

### 3. Accounting policies (continued)

#### j Tangible assets

##### (i) Freehold premises

With the exception of a surplus of £454,000 that arose on the revaluation of BMA House, London in 1957, all acquisitions of, and additions to, freehold premises are shown in the balance sheet at cost. Expenditure since 1957 is capitalised where it is probable that future economic benefit in excess of that valuation will flow as a result of that expenditure. Depreciation on this expenditure is calculated on a straight-line basis over the estimated useful lives of the asset categories, the rates of depreciation varying from 1% to 33.3%. All other expenditure is treated as an expense.

##### (ii) Long leasehold improvements

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

##### (iii) Plant and office equipment and motor vehicles

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Items of plant and office equipment and motor vehicles costing more than £1,500 are capitalised at cost, except for laptop computers which are capitalised even if they cost less than £1,500. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Useful lives vary according to the asset category. Plant and office equipment and laptop computers 10% – 33.33%, Motor vehicles 25%.

#### k Leases

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

#### l Investments

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

#### m Inventories

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

#### n Liquid resources

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

### 4 Critical accounting judgements and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's and the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Association considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Provisions are made for doubtful debts at the end of each financial year. This requires management to consider the recoverability of debtor balances and with regard to those deemed to be doubtful in nature to estimate the risk of doubtful debts becoming irrecoverable based on existing knowledge and past experience.

The Association has obligations to pay out pensions at retirement based on service and final pay. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

### 5 Income from fixed assets

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Gross rental income	4,015	3,600	2,718	2,473
Less				
– Service & maintenance costs	(619)	(641)	(359)	(423)
– Refurbishment costs	(201)	(258)	(199)	(258)
Net property income	3,195	2,701	2,160	1,792
Dividends and interest	6,400	6,400	668	628
Investment management fees	–	–	(222)	(206)
	9,595	9,101	2,606	2,214

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 6 Interest receivable

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Interest on bank deposit accounts	15	18	55	48
	15	18	55	48

### 7 Interest payable (inter-company)

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

### 8 (Deficit)/surplus on ordinary activities before taxation

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

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Wages and salaries	24,789	22,836	51,268	48,699
Social security costs	2,385	2,276	4,894	4,722
Other pension costs – defined benefit	28	1,716	28	2,926
Other pension costs – defined contribution	2,600	1,857	5,188	3,654
	29,802	28,685	61,378	60,001
Depreciation of tangible assets	1,152	1,172	1,101	1,252
Amortisation of intangible assets	–	–	605	4,175
Profit on disposal of fixed assets	26	42	36	58
Auditors' remuneration				
Audit of financial statements – BMA	47	43	47	43
Audit of financial statements – subsidiaries	–	–	62	69
Other services relating to taxation	–	4	32	31
Other services	11	7	28	7
	–	–	30	–
Operating lease rentals:				
Land and buildings	342	342	393	393
	Number	Number	Number	Number
Monthly average number of employees during year:				
Members' services	507	513	507	513
Publishing	–	–	465	479
	507	513	972	992

### 9 Directors emoluments

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Aggregate emoluments/honoraria (excluding pensions)	699	495	1,736	1,623
Aggregate pension – defined contribution scheme	38	25	105	158
Highest paid director				
Total amount of emoluments	280	95	–	–
Total amount of emoluments and amounts receivable under long-term incentive plans	–	–	352	362

This note is not a like for like comparison. In 2013, directors emoluments consisted entirely of payments made to council members as directors of Association. As outlined in the Strategy Review, a new board was constituted during June 2014 and payments made to directors includes payments in both the old and new formats of the board. The emoluments aggregated are only from the time of the appointment of a director to post.

The chair of council chooses to forgo his full entitlement. The highest paid director of the group operates within the BMJ.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 10 Taxation on (deficit)/surplus on ordinary activities

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Current tax</b>				
UK Corporation tax @ 20.25% (2014 : 21.49%)	647	713	1,561	2,437
Adjustments in respect of prior years	36	–	69	(89)
Foreign tax	–	–	111	91
Total current tax	683	713	1,741	2,439
<b>Deferred tax</b>				
Origination and reversal of timing differences	2	(103)	371	121
Changes in tax rates or laws	(16)	7	2	91
Adjustments in respect of prior years	37	–	(16)	(600)
Total deferred tax	23	(96)	357	(388)
Total taxation on (deficit)/surplus on ordinary activities	706	617	2,098	2,051

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

#### Reconciliation of total tax charge

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
(Deficit)/surplus before tax	(3,305)	2,069	(4,057)	442
(Deficit)/surplus before tax multiplied by standard rate of corporation tax in the UK of 20.25% (2014 : 21.49%)	(669)	445	(822)	95
Expenses/(income) not (chargeable)/deductible for tax	1,353	172	2,113	1,142
Other timing differences	–	–	–	(13)
Adjustments in respect of prior years	73	–	53	14
Goodwill and amortisation	–	–	765	805
Group relief	(35)	–	52	17
Pension costs charge/curtailment loss	–	–	–	(15)
Rate change	(16)	–	2	6
Foreign tax	–	–	(65)	–
Total tax charge for the year	706	617	2,098	2,051

#### Current Tax

A reduction in the UK corporation tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 has been substantively enacted together with a further reduction in the UK corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. Profits for this accounting year are taxed at an effective rate of 20.25%.

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Deferred tax</b>				
Provision for deferred tax	(140)	(116)	(105)	(69)
Accelerated capital allowances	–	–	(2,434)	(2,421)
Revaluation of investments	–	–	111	113
Short term timing differences	–	–	50	369
Pensions	(140)	(116)	(2,378)	(2,008)
At 1 January	(116)	(205)	(2,008)	(1,226)
Deferred tax charge in income and expenditure account	(24)	89	(357)	(213)
Deferred tax in statement of comprehensive income	–	–	(13)	(569)
At 31 December	(140)	(116)	(2,378)	(2,008)

The above consolidated deferred tax liability of £2,378,000 represents the net of the deferred tax asset of £202,000 per note 15 and the £2,574,000 deferred tax liability per note 17.

#### Factors that may affect future tax charges

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, as the group has no liability to additional taxation should such amounts be remitted due to the availability of double taxation relief and or UK tax legislation.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 11 Post-employment benefits

The British Medical Association ("Association") has applied FRS102 and the following disclosures relate to this standard.

The Association operates a defined benefit scheme called the BMA Staff Pension Scheme (the "Scheme") that pays out pensions at retirement based on service and final pay. The scheme operates under UK trust law and the trust is a separate legal entity from the Association. The assets of the Scheme are held separately from those of the Association, being invested in trustee administered funds, mainly through investment management agreements with specialist Fund Managers. Pension costs are charged to the income and expenditure account so as to spread the cost of the defined benefit scheme over the employees' period of employment with the Association, based on the advice of an independent qualified actuary using the projected unit method.

The most recent formal actuarial valuation of the Scheme was at 31 March 2012 and at this date there were 351 contributing members in the Scheme. The principal financial assumptions used in that valuation were that the rate of return on investments before retirement would exceed future salary increases by 2.45% per annum and that long-term RPI inflation would be 3.2% per annum. The majority of the pensions in the Scheme, in excess of Guaranteed Minimum Pension (GMP), increase in payment in line with RPI inflation. Other pensions, in excess of GMP, increase in payment in line with RPI subject to a maximum of 5% each year. The actuarial valuation assumed that present and future pensions would increase at a rate of 3.2% per annum, and pensions with capped increases would increase at 3.1% pa. The market value of the assets at 31 March 2012 was £213 million, and the value of the assets represented 85% of the value of benefits that had accrued to members, after allowing for future increases in earnings.

The next formal valuation is in progress with an effective date of 31 March 2015. Initial information was available at the balance sheet date based on updated membership information as at 31 March 2015. This updated membership information has been used within the calculations, and has resulted in an experience loss of £5.7 million during the year.

The actual return on assets over the year to 31 December 2015 was a gain of £21.3 million. The Association expects to make nil contributions to the Scheme in the next financial year.

Principal actuarial assumptions:	2015 £000	2014 £000
Future pension increases		
– increasing in line with RPI	3.40%	3.30%
– increasing in line with RPI subject to a maximum of 5%	3.20%	3.10%
Discount rate	3.80%	3.60%
RPI inflation	3.40%	3.30%
CPI inflation	2.40%	2.30%

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

	2015	2014
Male member age 65 (current life expectancy)	22.1	21.4
Male member age 40 (life expectancy at age 65)	23.8	23.5
Female member age 65 (current life expectancy)	24.9	24.3
Female member age 40 (life expectancy at age 65)	26.8	26.7

	Value at 31 December	
	2015 £000	2014 £000
Equities	145,615	176,387
Index Linked Government Bonds	59,977	79,471
Fixed Interest Government bonds	1,783	–
Corporate Bonds	71,288	20,837
Property	30,860	29,860
Liability Driven Investment (LDI)	5,806	–
Hedge Funds	1,706	–
Other	4,567	1,589
Fair value of scheme assets	321,602	308,144
Present value of funded obligations	(310,065)	(300,225)
Scheme surplus	11,537	7,919
Adj relating to asset ceilings and minimum funding requirements	(11,537)	(7,919)
Net defined benefit asset before deferred tax	–	–



## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 11 Post-employment benefits (continued)

	2015 £000	2014 £000
<b>The movement in the fair value of scheme assets during the year was as follows:</b>		
Fair value of scheme assets at 1 January	308,144	292,181
Interest income on scheme assets	10,959	12,929
Actuarial gain	10,364	6,766
Employer contributions	165	3,561
Members' contributions	–	748
Benefits paid from scheme	(7,638)	(7,593)
Scheme administration expenses	(392)	(378)
Premiums paid	–	(70)
Fair value of scheme assets at 31 December	<u>321,602</u>	<u>308,144</u>
	<b>2015 £000</b>	<b>2014 £000</b>
<b>The movement in the present value of defined benefit obligation during the year was as follows:</b>		
Defined benefit obligation at 1 January	300,225	283,858
Current service cost	–	4,044
Interest cost	10,671	12,479
Members' contributions	–	748
Actuarial loss due to change in assumptions	1,134	29,496
Actuarial loss/(gain) due to experience	5,673	(802)
Curtailment (gain)	–	(21,935)
Benefits paid from scheme	(7,638)	(7,593)
Premiums paid	–	(70)
Defined benefit obligation at 31 December	<u>310,065</u>	<u>300,225</u>
	<b>2015 £000</b>	<b>2014 £000</b>
<b>The amounts recognised in income and expenditure are as follows:</b>		
Current service cost	–	(4,044)
Net interest income	–	–
Curtailment gain/(loss)	–	21,935
Scheme administration expenses	(392)	(378)
	<u>(392)</u>	<u>17,513</u>
	<b>2015 £000</b>	<b>2014 £000</b>
<b>Analysis of amount recognised in Other Comprehensive Income (OCI):</b>		
Return on assets, excluding interest income	10,364	6,766
Experience (losses)/gains on liabilities	(5,673)	802
Actuarial (gains) arising from changes in assumptions	(1,134)	(29,496)
(Loss)/Gain due to the asset ceiling	(3,330)	854
Total gain/(loss) recognised in the OCI at 31 December	<u>227</u>	<u>(21,074)</u>

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 12 Intangible assets

	BMA Software £000	Goodwill £000	Consolidated Software £000	Total
<b>At 1 January 2015</b>				
Cost	171	14,721	171	14,892
Accumulated amortisation and impairment	–	(12,748)	–	(12,748)
Net book amount	171	1,973	171	2,144
<b>Year ended 31 December 2015</b>				
Opening net book amount	171	1,973	171	2,144
Additions during the year	901	–	901	901
Amortisation	(121)	(484)	(121)	(605)
Closing net book amount	951	1,489	951	2,440

#### Intangible assets

The software intangible assets include the Association's new membership system which was created by an external development firm for the Association's specific requirements and has a remaining amortisation period of 4.5 years.

### 13 Tangible assets

#### (i) BMA

	Freehold Premises £000	Long Leasehold Improvements £000	Plant and Office Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation – 1 January 2015	15,549	520	9,636	888	26,593
Additions during year	475	–	233	149	857
Disposals during year	–	–	(1)	(123)	(124)
Cost or valuation – 31 December 2015	16,024	520	9,868	914	27,326
Less:					
Accumulated depreciation – 1 January 2015	(7,506)	(475)	(8,628)	(479)	(17,088)
Charged in year	(350)	(27)	(463)	(191)	(1,031)
Disposals during the year	–	–	1	83	84
Accumulated depreciation – 31 December 2015	(7,856)	(502)	(9,090)	(587)	(18,035)
<b>Net book amount – 31 December 2015</b>	<b>8,168</b>	<b>18</b>	<b>778</b>	<b>327</b>	<b>9,291</b>
Net book amount – 31 December 2014	8,043	45	1,008	409	9,505

#### (ii) Consolidated

	Freehold Premises £000	Long Leasehold Improvements £000	Plant and Office Equipment £000	Motor Vehicles £000	Total £000
Cost or valuation – 1 January 2015	15,549	520	10,115	964	27,148
Additions during year	475	–	268	149	892
Disposals and amounts written off during year	–	–	(1)	(137)	(138)
Cost or valuation – 31 December 2015	16,024	520	10,382	976	27,902
Less:					
Accumulated depreciation – 1 January 2015	(7,506)	(475)	(9,014)	(542)	(17,537)
Charged in year	(350)	(27)	(522)	(202)	(1,101)
Disposals and amounts written off during year	–	–	1	107	108
Accumulated depreciation – 31 December 2015	(7,856)	(502)	9,535	(637)	18,530
<b>Net book amount – 31 December 2015</b>	<b>8,168</b>	<b>18</b>	<b>847</b>	<b>339</b>	<b>9,372</b>
Net book amount – 31 December 2014	8,043	45	1,101	422	9,611

With the exception of a surplus of £454,000 that arose on the revaluation of BMA House, London in 1957, all acquisitions of, and additions to freehold premises are shown in the balance sheet at cost. In the opinion of the directors, the market value of freehold premises at 31 December 2015 is significantly higher than the carrying value recorded above.

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 14 Investments

	Consolidated	
	2015 £000	2014 £000
<b>(a) Reconciliation of market value of investments</b>		
Market value at 1 January	101,091	96,829
Increase in market value	2,487	4,262
Total at 31 December	103,578	101,091
Cost at 31 December	76,753	75,947
<b>(b) Analysis of market value of investments</b>		
UK non-listed	37,318	36,512
Non-UK listed	28,945	27,875
Non-UK non-listed	37,315	36,704
	103,578	101,091
<b>(c) Cost of investments in group undertakings</b>		
Balance at 1 January and 31 December	140,878	140,878

Entity name	Holding	Country of incorporation	BMA	
			2015 £000	2014 £000
BMJ Publishing Group Ltd	100%	United Kingdom	BMA	
BMA Investments Ltd	100%	United Kingdom	BMA	
Medelect Ltd	100%	United Kingdom	BMJ Publishing Group Ltd	
Informatica Systems Ltd*	100%	United Kingdom	BMJ Publishing Group Ltd	
BMJ Publishing Inc.	100%	Incorporated and registered in California, USA	BMJ Publishing Group Ltd	
BMJ Group India Private Limited	99%	India	BMJ Publishing Group Ltd	
BMJ (Beijing) Medical Science and Technology Co Limited	100%	China	BMJ Publishing Group Ltd	

\* On 30th November 2015, the company disposed of its 100% investment in Informatica Systems Ltd.

During 2014, management identified an impairment of BMJ Publishing Group Ltd's investment in its wholly owned subsidiary Informatica Systems Ltd which it acquired in 2011 and the carrying value of that investment was adjusted accordingly.

#### (d) Revaluation reserve – investment in subsidiary

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

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

### 15 Inventories

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Raw materials and consumables	–	–	122	136
	–	–	122	136

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 16 Debtors

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	548	761	13,180	15,319
Amount owed by group undertaking	212	–	–	–
Other receivables	656	215	1,176	1,098
Deferred tax	–	–	202	529
Prepayments and accrued income	1,450	1,640	6,220	5,184
	<u>2,866</u>	<u>2,616</u>	<u>20,778</u>	<u>22,130</u>

### 17 Creditors: amounts falling due within one year

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade creditors	2,377	3,500	4,037	5,168
Amounts owed to group undertakings	13,238	16,329	–	–
Corporation tax	214	426	365	1,320
Other taxation and social security	586	331	586	591
Other creditors	–	136	591	690
Accruals and deferred income	7,130	4,536	16,077	13,846
Subscriptions received in advance	9,236	9,282	25,931	27,850
	<u>32,781</u>	<u>34,540</u>	<u>47,587</u>	<u>49,465</u>

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

### 18 Provisions for liabilities

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
	<b>Deferred</b>	<b>Total</b>	<b>Deferred</b>	<b>Total</b>
	<b>Tax</b>		<b>Tax</b>	
At 1 January	116	205	2,537	1,968
Provided during the year	24	(89)	37	569
At 31 December	<u>140</u>	<u>116</u>	<u>2,574</u>	<u>2,537</u>
Amount estimated to be released less than 12 months	73	49	73	159
Amount estimated to be released greater than 12 months	67	67	2,501	2,378
	<u>140</u>	<u>116</u>	<u>2,574</u>	<u>2,537</u>

### 19 Retained earnings

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Opening accumulated funds	70,477	69,025	82,944	84,261
Net (deficit)/surplus for the financial year	(4,403)	22,526	(6,155)	20,326
Actuarial gain/(loss) on pension scheme	392	(21,074)	227	(21,074)
Deferred tax on revaluation of investments	–	–	(13)	(569)
<b>Closing accumulated funds</b>	<u>66,466</u>	<u>70,477</u>	<u>77,003</u>	<u>82,944</u>

### 20 Revaluation reserve – investments

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
At 1 January	–	–	24,338	20,076
Increase in market value for year	–	–	2,487	4,262
At 31 December	<u>–</u>	<u>–</u>	<u>26,825</u>	<u>24,338</u>

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 21 Reconciliation of movements in funds employed

	BMA		Consolidated	
	2015 £000	2014 £000	2015 £000	2014 £000
Net (deficit)/surplus for the financial year	(4,403)	22,526	(6,155)	20,326
Actuarial gain/(loss) on pension scheme	392	(21,074)	227	(21,074)
Deferred tax on revaluation of investments	–	–	(13)	(569)
Increase in market value for year	–	–	2,487	4,262
Net movement in funds employed	(4,011)	1,452	(3,454)	2,945
Opening shareholders' funds	129,931	128,479	107,736	104,791
Closing shareholders' funds	125,920	129,931	104,282	107,736

### 22 Related party transactions

#### Group entities

The Association is exempt from disclosing related party transactions with other companies that are wholly owned within the Association.

#### BMA Board, BMJ Publishing Group Board and Audit Committee members

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

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

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

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

Council members are paid Honoraria amounts.

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, the company of incorporation and effective percentage of ownership has been disclosed in note 14c.

### 23 Financial instruments

The Association enters into forward currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2015, the following outstanding contracts mature within three months (2014: ten months) of the year end.

The Association had outstanding forward transactions to hedge foreign currencies as follows:

	Consolidated	
	2015 000	2014 000
Maturing within one year:		
– to fund future revenues in US dollars	US \$12,000	US \$10,000
– to fund future revenues in Euros	–	EUR€2,500

The forward currency contracts are measured at fair value, which is determined using valuation techniques that use observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR. The fair value of the forward-foreign currency contacts at 31 December 2015 was £376,000 (2014: £239,000)

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 24 Transition to FRS 102

This is the first year that the company has presented its results under FRS102. The last financial statements under the previous UK GAAP were for the year ended 31 December 2014. The date of the transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile loss for the year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

#### Income and expenditure accounts

	Notes	BMA		Consolidated		
		As previously stated £'000	Effect of transition £'000	At 31 Dec 2014 FRS 102 £'000	As previously stated £'000	Effect of transition £'000
<b>Income</b>						
Membership subscriptions		45,900	–	45,900	45,900	45,900
Income from other activities		7,304	–	7,304	4,194	4,194
Publishing		–	–	–	–	–
Subscriptions		–	–	–	33,998	33,998
Other Income		–	–	–	46,208	46,208
		<u>53,204</u>	<u>–</u>	<u>53,204</u>	<u>130,300</u>	<u>130,300</u>
<b>Expenditure</b>						
Members' services	C, D	56,941	512	57,453	57,301	57,401
Other activities		3,110	–	3,110	–	–
Publishing	B, C	–	–	–	74,205	74,270
		<u>60,051</u>	<u>512</u>	<u>60,563</u>	<u>131,506</u>	<u>131,671</u>
<b>Operating (deficit) / surplus</b>						
Members' services		(6,847)	(512)	(7,359)	(7,207)	(7,307)
Publishing		–	–	–	6,001	5,936
Operating (deficit) / surplus before staff pension scheme		<u>(6,847)</u>	<u>(512)</u>	<u>(7,359)</u>	<u>(1,206)</u>	<u>(1,371)</u>
Staff pension scheme curtailment gain / loss	D	–	21,935	21,935	(7,067)	21,935
Operating (deficit) / surplus after staff pension scheme		<u>(6,847)</u>	<u>21,423</u>	<u>14,576</u>	<u>(8,273)</u>	<u>20,564</u>
Income from fixed assets		9,101	–	9,101	2,214	2,214
Interest receivable		18	–	18	48	48
Interest payable (Inter-company)		(103)	–	(103)	–	–
Other finance income pension service costs	D	–	(449)	(449)	3,232	(449)
<b>(Deficit) / surplus on ordinary activities before taxation</b>		<u>2,169</u>	<u>20,974</u>	<u>23,143</u>	<u>(2,779)</u>	<u>22,377</u>
Taxation on (deficit) / surplus on ordinary activities	E	(617)	–	(617)	(2,064)	(2,051)
<b>Net (deficit) / surplus for the financial year</b>		<u>1,552</u>	<u>20,974</u>	<u>22,526</u>	<u>(4,843)</u>	<u>20,326</u>

#### Statement of comprehensive income

	Notes	BMA		Consolidated		
		As previously stated £'000	Effect of transition £'000	At 31 Dec 2014 FRS 102 £'000	As previously stated £'000	Effect of transition £'000
(Deficit) / surplus for the financial year		1,552	20,974	22,526	(4,843)	20,326
Other comprehensive income:						
Remeasurements of net defined benefit obligation	D	–	(21,074)	(21,074)	(4,076)	(21,074)
Unrealised gains on fixed asset investments		–	–	–	4,262	4,262
Deferred tax on revaluation of investments	E	–	–	–	(569)	(569)
		<u>1,552</u>	<u>(100)</u>	<u>1,452</u>	<u>(4,657)</u>	<u>2,945</u>

## Notes to the financial statements for the year ended 31 December 2015 (continued)

## 24 Transition to FRS 102 (continued)

Balance Sheet		BMA		Consolidated		
Notes	As previously stated £'000	Effect of transition £'000	At 31 Dec 2014 FRS 102 £'000	As previously stated £'000	Effect of transition £'000	At 31 Dec 2014 FRS 102 £'000
<b>Fixed assets</b>						
Intangible assets	A	—	171	1,973	171	2,144
Tangible assets	A	9,676	(171)	9,505	(171)	9,611
Investments		140,878	—	140,878	—	101,091
		<u>150,554</u>	<u>—</u>	<u>150,554</u>	<u>—</u>	<u>112,846</u>
<b>Current assets</b>						
Inventories		—	—	136	—	136
Debtors	B	2,616	—	2,616	199	22,130
Cash held in liquidity fund		—	—	3,648	—	3,648
Cash at bank and in hand		11,417	—	11,417	—	20,978
		<u>14,033</u>	<u>—</u>	<u>14,033</u>	<u>199</u>	<u>46,892</u>
Creditors amounts falling due within one year	C,E	(34,440)	(100)	(34,540)	(351)	(49,465)
Net current liabilities		<u>(20,407)</u>	<u>(100)</u>	<u>(20,507)</u>	<u>(152)</u>	<u>(2,573)</u>
Total assets less current liabilities		130,147	(100)	130,047	(152)	110,273
Provisions for liabilities	E	(116)	—	(116)	(2,421)	(2,537)
<b>Net assets</b>		<u>130,031</u>	<u>(100)</u>	<u>129,931</u>	<u>(2,573)</u>	<u>107,736</u>
<b>Funds employed</b>						
Revaluation reserve - freehold property		454	—	454	—	454
Revaluation reserve - investments		59,000	—	59,000	—	24,338
Accumulated funds	C, D	70,577	(100)	70,477	(2,573)	82,944
<b>Total equity</b>		<u>130,031</u>	<u>(100)</u>	<u>129,931</u>	<u>(2,573)</u>	<u>107,736</u>

Statement of changes in equity		BMA		Consolidated		
Notes	As previously stated £'000	Effect of transition £'000	At 31 Dec 2014 FRS 102 £'000	As previously stated £'000	Effect of transition £'000	At 31 Dec 2014 FRS 102 £'000
Balance as at 1 January 2014	D, E	128,479	—	128,479	(10,175)	104,791
Remeasurements of net defined benefit obligation	D	—	(21,074)	(21,074)	(16,998)	(21,074)
Deferred tax on revaluation of investments	E	—	—	—	(569)	(569)
Net (deficit) / surplus for the financial year		1,552	20,974	22,526	25,169	20,326
Increase in market value for year		—	—	—	—	4,262
Balance as at 31 December 2014		<u>130,031</u>	<u>(100)</u>	<u>129,931</u>	<u>(2,573)</u>	<u>107,736</u>

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 24 Transition to FRS 102 (continued)

#### A. Intangible assets / Goodwill

The Association's accounting policy with regard to goodwill and amortisation remains unchanged with the useful economic life estimated to be 20 years. Computer software with a net book value of £171,000 (BMA only) at 1 January 2015, has been reclassified from tangible to intangible assets as required under FRS102. This has no effect on the Association's net assets nor on the income and expenditure account for the year, except that the previous depreciation charge is now described as amortisation.

#### B. Derivative financial instruments

The Association was not previously required to recognise derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments were recognised in income and expenditure on settlement.

Under FRS 102, derivative financial instruments are classified as other financial instruments and are recognised as a financial asset or a financial liability, at fair value, when an entity becomes party to the contractual provisions of the instrument.

On adoption of the requirements of FRS102, financial assets of £199,000 have been recognised on the consolidated balance sheet at 31 December 2014, being the fair values of the derivative financial instruments.

#### C. Short-term compensated absences

Prior to the adoption of FRS 102, the Association did not make provision for holiday pay earned but not taken before the year end. FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement.

Consequently an additional accrual of £364,000 (BMA:£100,000) at 31 December 2014 has been made to reflect this. The provision at 31 December 2015 had reduced to £363,000 (BMA: £100,000) and the decrease in provision has been released to income and expenditure in the year ended 31 December 2015.

#### D. Defined benefit scheme

The BMA is a member of a group defined benefit pension plan that shares risks between entities under common control (BMA Staff Pension Scheme). FRS102 requires the entity that is legally responsible for the group pension plan to recognise the entire net defined benefit cost in its individual financial statements, in the Association's case this falls within the BMA's financial statements.

The Association closed the defined benefit scheme to future accrual on 31 July 2014, and on adoption of FRS102 this has resulted in a £29,002,000 (BMA £21,935,000) curtailment gain been recognised in the 2014 income statement. Under previous UK GAAP, past service costs were recognised in the income statement on a straight line basis over the period in which the increase in benefit vest. FRS 102 requires that all past service costs are recognised immediately. As a result, an unrecognised past service cost of £3,681,000 (BMA £861,000) was recognised on transition to FRS 102.

Consequently on adoption of FRS 102 the expected return on defined benefit plan assets and the asset ceiling cap recognised via the statement of comprehensive income has resulted in an amendment of £16,998,000 (BMA £21,074,000) for 2014 and a £8,323,000 change in the defined benefit asset recognised at 31 December 2013.

Under FRS 102 a company is only able to recognise a surplus as an asset in its balance sheet to the extent that it can be recovered either through reduced future ongoing contributions or through refunds from the scheme which have been agreed with the Trustees. The BMA closed the Scheme to future accrual from 31 July 2014 and therefore it is no longer possible to reduce future service contributions. As no refund of the surplus £11,537,000 (2014: £7,919,000) has been agreed with the Trustees as at 31 December 2015, no asset has been recognised in respect of the pension surplus at this date.

#### E. Deferred taxation

The Association has accounted for deferred taxation on transition as follows:

##### (a) Derivative financial instruments

In the year ended 31 December 2014 the Association has recognised a credit of £13,000 in the income and expenditure accounting in respect of the reduction in the value of derivative liabilities recognised in the income and expenditure account.

##### (b) Revaluation of investments

Under previous UK GAAP the Association was not required to provide for taxation on revaluations of investments. Consequently upon adoption of FRS 102 the deferred taxation provided on the temporary difference arising from the revaluation of the investments increased at 1 January 2014 by £1,852,000. A deferred tax charge of £569,000 arose on transition to FRS 102 in the statement of comprehensive income for 2014.