

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 2019		
List no:	397T		
Head or Main Office address:	BMA House		
	Tavistock Square		
	London		
Postcode	WC1H 9JP		
Website address (if available)	www.bma.org.uk		
Has the address changed during the year to which the return relates?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:	Dr Chaand Nagpaul		
Telephone Number:	020 7383 6300		
Contact name for queries regarding the completion of this return	Ushma Bharakhada		
Telephone Number:	020 3058 7469		
E-mail:	ubharakhada@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: 0330 109 3602

You should send the annual return to the following email address stating the name of the union in subject:

For Unions based in England and Wales: returns@certoffice.org

For Unions based in Scotland: ymw@tcyoung.co.uk

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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	75,381	2,652	74	1,613	79,720
Female	75,644	3,010	70	960	79,684
Other	282	2	0	2	286
Total	151,307	5,664	144	2,575	A 159,690

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

148,104

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

3,569

Change of Officers

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

Position Held	Name of Officer ceasing to hold Office	Name of Officer Appointed	Date of change
Chief Executive Officer	Belinda Phipps (Interim)	Tom Grinyer	01 July 2019
President	Dr Dinesh Bhugra	Professor Raanan Gillon	01 July 2019
Chair of RB	Dr Anthea Mowat	Dr Helena McKeown	01 March 2019

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)

	£	£
Income		
From Members: Contributions and Subscriptions		
From Members: Other income from members (specify)		
Total other income from members		
Total of all income from members		
Investment income (as at page 12)		
Other Income		
Income from Federations and other bodies (as at page 4)		
Income from any other sources (as at page 4)		
Total of other income (as at page 4)		
Total income		
Interfund Transfers IN		
Expenditure		
Benefits to members (as at page 5)		
Administrative expenses (as at page 10)		
Federation and other bodies (specify)		
Total expenditure Federation and other bodies		
Taxation		
Total expenditure		
Interfund Transfers OUT		
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	£
Federation and other bodies	
Total federation and other bodies	
Any Other Sources	
Total other sources	
Total of all other income	

Analysis of benefit expenditure shown at the General Fund

(see notes 21 to 23)

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

(See notes 21 and 23)

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

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

(See notes 21 and 23)

Fund 8		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

Fund 9		Fund Account	
Name:		£	£
Income	From members		
	Investment income (as at page 12)		
	Other income (specify)		
	Total other income as specified		
	Total Income		
	Interfund Transfers IN		
Expenditure	Benefits to members		
	Administrative expenses and other expenditure (as at page 10)		
	Total Expenditure		
	Interfund Transfers OUT		
	Surplus (Deficit) for the year		
	Amount of fund at beginning of year		
	Amount of fund at the end of year (as Balance Sheet)		
	Number of members contributing at end of year		

Political fund account

(see notes 24 to 33)

£

£

Political fund account 1		To be completed by trade unions which maintain their own political fund	
Income	Members contributions and levies		
	Investment income (as at page 12)		
Other income (specify)			
		Total other income as specified	
		Total income	

Expenditure under section (82) of the Trade Union and Labour Relations (Consolidation) Act 1992 on purposes set out in section (72) (1) where consolidation of expenditures from the political funds exceeds £2,000 during the period

Expenditure A (as at page i)	
Expenditure B (as at page ii)	
Expenditure C (as at page iii)	
Expenditure D (as at page iv)	
Expenditure E (as at page v)	
Expenditure F (as at page vi)	
Non-political expenditure (as at page vii)	
	Total expenditure
	Surplus (deficit) for year
	Amount of political fund at beginning of year
	Amount of political fund at the end of year (as <u>Balance Sheet</u>)
	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 contribute to the political fund

Political fund account 2 To be completed by trade unions which act as components of a central trade union

Income	Contributions and levies collected from members on behalf of central political fund		
	Funds received back from central political fund		
	Other income (specify)		
		Total other income as specified	
		Total income	
Expenditure	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	
		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	

Fixed assets account

(see notes 53 to 57)

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

Analysis of investments

(see notes 58 and 59)

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		
Unquoted		
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		

Summary sheet

(see notes 62 to 73)

	All funds except Political Funds £	Political Funds £	Total Funds £
Income			
From Members	48,583,000		48,583,000
From Investments	7,864,000		7,864,000
Other Income (including increases by revaluation of assets)	86,807,000		86,807,000
Total Income	143,254,000		143,254,000
Expenditure (including decreases by revaluation of assets)	-139,555,000		-139,555,000
Total Expenditure	3,699,000		3,699,000
Funds at beginning of year (including reserves)	124,656,000		124,656,000
Funds at end of year (including reserves)	128,355,000		128,355,000
Assets			
	Fixed Assets		9,517,000
	Investment Assets		139,017,000
	Other Assets		51,611,000
	Total Assets		200,145,000
Liabilities		Total Liabilities	-71,790,000
Net Assets (Total Assets less Total Liabilities)			128,355,000

Ballots & Industrial Action- If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

(see notes 74 to 80)

Did the union hold any ballots in respect of industrial action during the return period?	<input type="text" value="No"/>
If Yes How many ballots were held: <input style="width: 50px;" type="text"/>	
For each ballot held please complete the information below:	
Ballot 1	
Number of individual who were entitled to vote in the ballot	<input style="width: 100px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 100px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 100px;" type="text"/> ¹
Number of individuals answering "No" to the question	<input style="width: 100px;" type="text"/> ²
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 100px;" type="text"/> ³
	1-3 should total "Number of votes cast"
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Ballot 2	
Number of individual who were entitled to vote in the ballot	<input style="width: 100px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 100px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 100px;" type="text"/> ¹
Number of individuals answering "No" to the question	<input style="width: 100px;" type="text"/> ²
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 100px;" type="text"/> ³
	1-3 should total "Number of votes cast"
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Ballot 3	
Number of individual who were entitled to vote in the ballot	<input style="width: 100px;" type="text"/>
Number of votes cast in the ballot	<input style="width: 100px;" type="text"/>
Number of Individuals answering "Yes" to the question	<input style="width: 100px;" type="text"/> ¹
Number of individuals answering "No" to the question	<input style="width: 100px;" type="text"/> ²
Number of invalid or otherwise spoiled voting papers returned	<input style="width: 100px;" type="text"/> ³
	1-3 should total "Number of votes cast"
Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>
Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?	<input style="width: 60px;" type="text"/>
If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot	<input style="width: 60px;" type="text"/>

Ballots & Industrial Action: If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

Ballot 4

Number of individual who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

1-3 should total "Number of votes cast"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot

Ballot 5

Number of individual who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

1-3 should total "Number of votes cast"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot

Ballot 6

Number of individual who were entitled to vote in the ballot

Number of votes cast in the ballot

Number of Individuals answering "Yes" to the question 1

Number of individuals answering "No" to the question 2

Number of invalid or otherwise spoiled voting papers returned 3

1-3 should total "Number of votes cast"

Were the number of votes cast in the ballot at least 50% of the number of individuals who were entitled to vote in the ballot

Does section 226(2B) of the 1992 Act apply in relation to this ballot (see notes 76-80)?

If yes, were the number of individuals answering "Yes" to the question (or each question) at least 40% of the number of individuals who were entitled to vote in the ballot

Ballots and Industrial Action: If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

(see note 81)

***Categories of Nature of Trade Dispute**

- A: terms and conditions of employment, or the physical conditions in which any workers require to work;
- B: engagement or non-engagement, or termination or suspension of employment or the duties of employment, of one or more workers;
- C: allocation of work or the duties of employment between workers or groups of workers;
- D: matters of discipline;
- E: a worker's membership or non-membership of a trade union;
- F: facilities for officials of trade unions;
- G: machinery for negotiation or consultation, and other procedures, relating to any of the above matters, including the recognition by employers or employers' associations of the right of a trade union to represent workers in such negotiation or consultation or in the carrying out of such procedures

Did Union members take industrial action during the return period in response to any inducement on the part of the Union? YES/NO

If **YES**, for each industrial action taken please complete the information below:

Industrial Action 1

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 2

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 3

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

use a continuation page if necessary

Industrial Action 4

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 5

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 6

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 7

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Industrial Action 8

1. please tick the nature of the trade dispute for which industrial action was taken using the categories* below:

A B C D E F G

2. Dates of the industrial action taken: to

3. Number of days of industrial action:

4. Nature of industrial action.

Ballots & Industrial Action- If you have 6 or more entries for either of these, please complete the Excel Spreadsheet

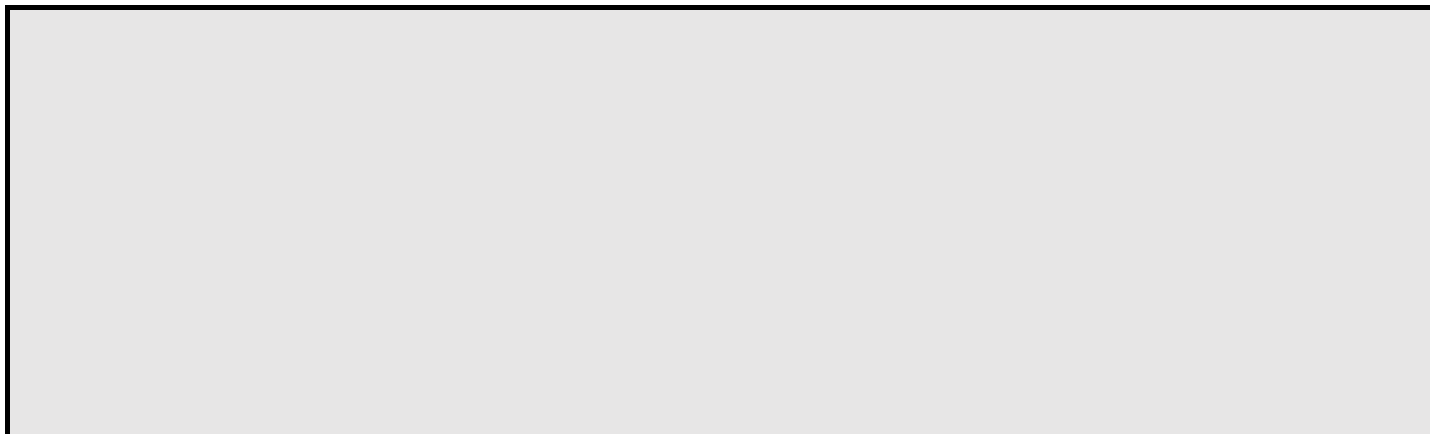
Notes to the accounts

(see notes 82 and 83)

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

Accounting policies


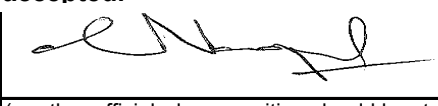
(see notes 84 and 85)



Signatures to the annual return

(see notes 86 & 87)

Including the accounts and balance sheet contained in the return. Please send the return with the original signatures. Copies will not be accepted.

Secretary's Signature: 	Chairman's Signature: 
Name: Trevor Pickersgill	Name: Chaand Nagpaul
Date: 29 June 2020	Date: 29 June 2020

Checklist

(see notes 88 to 89)

(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2 and Note 12)	Yes		No	
Has the list of officers in post been completed? (see Page 2 and Note 12)	Yes		No	
Has the return been signed? (see Pages 23 and 25 and Notes 86 and 95)	Yes		No	
Has the auditor's report been completed? (see Pages 20 and 21 and Notes 2 and 77)	Yes		No	
Is a rule book enclosed? (see Notes 8 and 88)	Yes		No	
A member statement is: (see Note 80)	Enclosed		To follow	
Has the summary sheet been completed? (see Page 17 and Notes 7 and 62)	Yes		To follow	
Has the membership audit certificate been completed? (see Page i to iii and Notes 97 and 103)	Yes		No	

Checklist for auditor's report

(see notes 90 and 96)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

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 related? (See section 36(1) and (2) of the 1992 Act and notes 92 and 93)

Please explain in your report overleaf or attached.

2. 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 note 92)

Please explain in your report overleaf or attached

3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

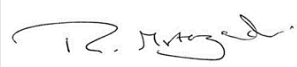
- **give a true and fair view of the matters to which they relate to.**
- **have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.**

Auditor's report (continued)

The above responses merely reference matters set out in our attached independent auditor's report to the British Medical Association on the financial statements of the British Medical Association for the year ended 31 December 2019 dated 17 June 2020 (the "annual financial statements auditor's report"). This report is not a substitute for reading the "annual financial statements auditor's" 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 auditor's report, including the opinion, are made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature(s) of auditor or auditors:



Name(s):

Reza Motazedi

Profession(s) or Calling(s):

Partner - Head of Charity and Not for Profit

Address(es):

Deloitte LLP

Hill House

1 Little New Street Square

London

Postcode

EC4A 3TR

Date

01-Jul-20

Contact name for inquiries and telephone number:

020 7007 7646

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

Membership audit certificate

made in accordance with section 24ZD of the Trade Union and Labour Relations (Consolidation) Act 1992

(See notes 97 to 103)

At the end of the reportign period proceding the one to which this audit relates was the total membership of the trade union greater than 10,000?

Yes

If "YES" please complete SECTION ONE below or provide the equivalent information on a separate document to be submitted with the completed AR21

If "NO" please complete SECTION TWO below or provide the equivalent information on a separate document to be submitted with the completed AR21

Membership audit certificate

Section one

For a trade union with more than 10,000 members, required by section 24ZB of the 1992 Act to appoint an independent assurer

- 1 In the opinion of the assurer appointed by the trade union was the union's system for compiling and maintaining its register of the names and addresses of its members satisfactory to secure, so far as is reasonably practicable, that the entries in its register were accurate and up-to-date throughout the reporting period?

Yes

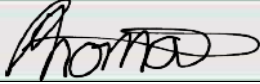
- 2 In the opinion of the assurer has he/she obtained the inforamation and explanations necessary for the performance of his/her functions?

Yes

If the answer to **either** questions 1 or 2 above is "NO" the assurer must:

- (a) set out below the assurer's reasons for stating that
- (b) provide a description of the information or explanation requested or required which has not been obtained
- (c) state whether the assurer required that information or those explanations from the union's officers, or officers of any of its branches or sections under section 24ZE of the 1992 Act
- (d) send a copy of this certificate to the Certification Officer as soon as is reasonably practicable after it is provided to the union.

Membership audit certificate (continued)

Signature of assurer	
Name	Richard Thomas
Address	Capital Law, Capital Building, Tyndall Street, Cardiff CF10 4AZ Contact Name - Richard Thomas Telephone - 07515325601
Date	30 June 2020
Contact name and telephone number	

BMA: MEMBERSHIP AUDIT CERTIFICATE – REPORT AND SUPPLEMENTAL INFORMATION FOR REPORTING PERIOD 2019/2020

1 May 2020

General background

- The BMA (as a Special Register Body pursuant to Section 117 of the Trade Union and Labour Relations (Consolidation) Act 1992) is required to submit a Membership Audit Certificate at the same time as it presents its annual return to the Certification Officer.
- Section 24 of the Trade Union and Labour Relations (Consolidation) Act 1992 ("TULRCA") provides requirements on the BMA in relation to its register of members.
- Sections 24ZA to 24ZG (introduced by the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014) ("the Act") build on this duty by introducing a new statutory duty on the BMA to supply an annual assurance to the Certification Officer ("CO") in relation to its register of members.
- The annual assurance takes the form of a **Membership Audit Certificate ("MAC")** which the BMA needs to supply to the CO.
- The section 24 duty requires the BMA to compile and maintain a register of members' names and addresses and, **so far as is reasonably practicable** to secure that the entries in the register are accurate and kept up to date.
- The statutory duty requires the BMA to maintain the names and addresses of its members.
 - The BMA does not have to keep a record of a member's job title, branch or grade, etc.
 - The address to be recorded can be the member's home address or any such other address that the member has requested the BMA in writing to treat as their postal address.
 - Where the BMA does not have an address for a member it must ask for one.
 - To help meet statutory obligations, the BMA should have in place a system which encourages members to notify it of any changes of address.
- The BMA has more than 10,000 members at the end of the previous reporting period. As such, it is required to appoint an independent Trade Union Assurer to be able to confirm that the BMA has taken the reasonable steps to ensure the details of its members (including names and addresses) are up-to-date and provide an MAC for the relevant reporting period.

Appointment of a Trade Union Assurer

- The Membership Audit Certificate (Qualified Independent Person) (Specified Conditions) Order 2015 sets out the conditions that a qualified independent person must satisfy for the purposes of Section 24ZB of TULRCA in articles 3, 4 and 5.
- An assurer can be one of the following recognised independent, qualified persons:
 - Solicitor (who holds a practising certificate issued by The Law Society of England and Wales or Scotland);
 - auditor; or
 - person who is qualified to act as scrutineer under the Trade Union Ballots and Elections (Independent Scrutineer Qualifications) Order 1993.

-
- Apart from these statutory requirements, other terms of the appointment can be agreed by the union and its assurer.
 - The BMA has appointed Richard Thomas of Capital Law Solicitors, Capital Building, Tyndall Street, Cardiff CF10 4AZ, to be the Qualified Independent Person.

Report of Trade Union Assurer

- This appointment confers a duty on the assurer to provide a MAC after carrying out such enquiries as the assurer considers necessary.
- As part of my enquiries I have taken reasonable steps to assess whether the BMA's systems for compiling and maintaining a register of members' names and addresses are satisfactory to comply with the section 24 duty (i.e. that its register is, so far as is reasonably practicable, accurate and up-to-date) and I have done so by accessing information and obtaining explanations in order to demonstrate that the MAC is accurate.
- In my opinion I was able to obtain all the information or explanations needed to carry out this task including access at reasonable times to the register of members and all other relevant documents necessary to fulfil my functions.
- In this context I had access at reasonable times to the register of members and other documents necessary to fulfil my functions.
- I have also asked a number of the BMA's employees and officers to provide the information and the explanations required in order for me to fulfil my task.
- Having carried out whatever enquiries are necessary I will provide a MAC to the BMA which the BMA will need to submit to the CO with its annual return.
- Having undertaken my enquiries I am satisfied for the reasons set out in this report that the BMA has a satisfactory membership system in place and that the BMA has compiled and maintains a register of members' names and addresses which, so far as is reasonably practicable, does secure that the entries in the register are accurate and kept up-to-date. In this context the BMA has approximately 160,000 members and it utilises a Client Relationship Management ("CRM") system which contains the master database and central register of membership data including the register of members' names and addresses. Information from new joiners is collected and collated dependent upon the nature of the new member application. Applications made on paper (via post) or by telephone are processed and the member data (including names and addresses) is inputted manually on to the CRM system by the BMA Membership Records team. With online applications there is integration between the on-line application process through to the CRM system to ensure that the data provided by the member is entered on to the CRM system. The BMA membership website contains Membership FAQ's and specifically informs all members that, "If you can't find the information you need please email membership@bma.org.uk or call us on 0300 123 1233" (Link: <https://www.bma.org.uk/membership/membership-faqs>). The membership FAQ's also contains an "update your details" drop-down tab which allows all members to log in to the website and update their details on-line by following the link provided. Therefore, all BMA members can notify the BMA of any changes with ease and any such changes notified are then automatically updated on the CRM system.
- In making my assessment I have also taken into account the UK Government Guidance on Trade Union Register of Members and Membership Audit Certificate requirements and relevant decisions of the CO on reasonable practicability in *Re Civil and Public Services' Association (1996)* and the steps listed by the CO as being those routinely taken by a trade union to comply with the duty and the actions that unions would have to take to satisfy the requirement to "secure so far as is reasonably practicable" that the register of members is accurate and up-to-date'.
- These steps outlined by the CO (and the manner in which the BMA complies with these steps) are set out below:

1. The membership application forms are split into a “Doctor join form” and a “Student join form”. The membership application forms (attached at annex A) provide for the member to complete their address details and both forms specifically state that "We [the BMA] will use these contact details [supplied by the member as part of the application process] for communications with you [the member] including but not limited to polls, referendums and any balloting for Industrial Action". Therefore, both membership application form require each member to provide an address which will be the ballot address for any potential Industrial action ballots and/or communications.
2. The union follows up applications for membership when no appropriate address was given. The BMA Membership Records Department will not be able to process the application for membership when a membership application form has been supplied to it which does not contain an appropriate address. The BMA records Department will therefore telephone the applicant (if a mobile telephone number has been given in the application form) and send an email (if an email address is given in the application form) to the individual stating that the BMA is unable to process the application as the address section has not been completed. The prospective member is informed that if they wish to complete their application for membership then they can call one of the BMA's advisors and a telephone number for this is provided (attached at Annex B).
3. If mail is returned undelivered to the union, the union is to check whether the member's address needs to be updated. BMA members and BMA Student members receive complimentary copies of the British Medical Journal (BMJ) and the Student BMJ and the doctor magazine. These copies are sent out to the member's address as set out by the member in their membership application form. The packaging for these journals specifically confirms that "if undelivered please return to BMA House Tavistock Square London". If the BMJ or student BMJ is returned a second time as being undelivered a communication via email and SMS/Text is sent out to the member and if this is not responded to the address is then recorded as invalid. The Packaging for the BMJ and Student BMJ also contains a "Change of Address Option" in which members are provided with the opportunity to communicate with the BMA to update their current address details. Members are given email and telephone details in order to communicate with the BMA to provide it with up to date address details (Annexes C and D).
4. The union has regular membership verification exercises. In September of each year (membership renewal date) the BMA undertakes a full membership details update campaign which involves communications to all BMA members to remind them of the need to update their name and contact address details. For those BMA members who receive their membership renewal notification by post the BMA sends an updated details form (attached at Annex E) to the member. This form specifically asks, "Are your membership details up to date?" and the member is given the opportunity to update their details including name and contact address and the member is given the option of returning the form via the pre-paid Business Reply Envelope provided by the BMA. The BMA has an online portal where members can access all their membership details and they are able to update their details online at bma.org.uk/updatemydetails. For members who receive their membership renewal electronically a membership renewal communication is sent out. This specifically informs members to "Please check that your membership details are correct" and members can update their membership details including name and address by accessing the online portal at bma.org.uk/updatemydetails.
5. In its journal the doctor magazine, the union advertises the need for members to keep the union informed of their current balloting address. The advert states, “Help us to stay in touch with you” and provides the online access details for members to check and update if necessary, their contact details. In addition to the membership verification

exercise that takes place every September the BMA also advertises the need for members to keep the BMA informed of their current address (to be used for balloting purposes) by placing periodic advertisements to this effect in the British Medical Journal and the Student BMJ. The BMA is planning an “update your membership details” campaign via all communications routes such as social media and via the BMJ, Student BMJ and the BMA website for Q3 2020 in order to further publicise and advertise the need for members to keep their details updated.

6. The union regularly reminds branch secretaries of the need to have up-to-date addresses. The BMA has set up a group email communication/notification system for BMA officers to remind them (when they are meeting with members and/or working on their behalf) at meetings etc to keep their details updated.
- In *Re: Manufacturing, Science and Finance Union* (1998), the CO held that the duty to maintain an up-to-date register meant that a union was under an obligation to operate a system for removing the names of those members who no longer wished to be members.
 - The BMA has in place a comprehensive records retention schedule (Annex G). As the BMA provides advice to members (which can include legal advice) documentation relating to membership and records of advice given is retained for a period of 7 years in order to allow the BMA to be able to retrieve this documentation in the event of any claim for breach of contract and/or negligence in advice given being brought against it by an ex-member.
 - However, once a member has notified the BMA that they no longer wish to be a member then the BMA has a process whereby the members name is taken off the register of members and their status is changed to that of a non-member. For members who are deceased their details are archived in accordance with the records retention schedule. This ensures that all details are archived, and security protected in order to ensure that no unauthorised access to this information can take place.
 - The BMA has in place a Records and Archive Management: Key Records Policy (Annex H) which confirms that all BMA Departments are required to ensure that all key records are sent to the Records and Archives Department for cataloguing. Key records are defined as content which interprets BMA opinion on any issue and can include correspondence or documents including e mails providing legal advice and/or guidance to members collectively.
 - The BMA also has in place a Records and Archive Management: Record Centre Policy (Annex I) which covers documents that staff need to keep for legal requirements or other business purposes. These documents have a retention date in line with the BMA Records Retention Schedule at Annex G and are then confidentially destroyed after the expiry of the retention period. This would include legal advice given to members individually.
 - Both policies provide an electronic link for documentation to be sent to the record centre. The processes for document security outlined above then apply to these archived documents. Both policies also reminded all BMA staff of the fact that confidential disposal bins are available for BMA staff to ensure that records that do not need to be sent to the record centre are also destroyed.
 - As the Independent Assurer I acknowledge that I have a statutory duty of confidentiality in respect of the union's register of members and am bound by the provisions of the Data Protection Act.
 - Assurers do not need to check the accuracy of every single member record in order to produce a MAC. This would present a disproportionate cost burden to unions and would be inconsistent with standard practice in comparable checks, for example of audited accounts.

A handwritten signature in black ink, appearing to be 'RT', is written over a horizontal line. The signature is stylized and somewhat abstract.

Richard Thomas
Capital Law
Capital Building
Tyndall Street
Cardiff CF10 4AZ

1 May 2020

Membership audit certificate

Section two

For a trade union with no **more than 10,000 members** at the end of the reporting period preceding the one to which this audit relates.

To the best of your knowledge and belief has the trade union during this reporting period complied with its duty to compile and maintain a register of the names and addresses of its members and secured, so far as is reasonably practicable, that the entries in the register are accurate and up-to-date?

Yes / No

If "No" Please explain below:

Signature	
Name	
Office held	
Date	

Company Registration No. 00008848

British Medical Association

**Annual Report and Financial Statements
for the year ended 31 December 2019**

British Medical Association

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British Medical Association

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Officers and professional advisers

Members of council

Council is the principal executive committee (PEC) of the trade union as set out by trade union legislation (TULCRA). It sets the strategic direction of the Association in line with policy decided by the representative body at the annual representative meeting (ARM), and is responsible for the formulation of policy throughout the year between ARMs, and for delegating the implementation of policy to the company by way of aims and desired outcomes. Council has responsibility for overseeing the co-ordination and timing of policy implementation of the Association, and the authority to resolve disputes between other BMA bodies and to authorise industrial action.

Since 2018 BMA council has between 58 and 74 voting members.

Each is directly elected by the membership to give a geographical and cross-branch of practice mix. There are also 21 ex-officio non-voting members, including those who chair the many committees reporting to council.

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

Dr Krishan Aggarwal	Dr Sebastian Hormaeche
Dr Jahangir Alom	Dr Philip Howard
Dr Jackie Applebee	Dr Marie-Louise Irvine
Dr David Bailey	Professor Anil Jain
Dr Philip Banfield	Dr Krishna Kasaraneni
Dr Jennifer Barclay	Dr Iain Thomas Robert Kennedy
Dr Hannah Barham-Brown	Dr Lucie Kennedy-Cocker
Dr Rob Barnett	Mr Amit Kochhar
Dr Peter Bennie	Professor Dame Parveen J Kumar
Mrs Lesley Bentley	Dr Rajesh Kumar
Dr Tom Black	Mr Joseph Lippincott III
Dr Katie Bramall-Stainer	Dr Mary McCarthy
Dr Kailash Chand	Dr Helena McKeown (Chair of representative body)
Dr John Chisholm	Mr Ian McNab
Dr Christine Clayton	Dr Richard Mithen
Dr Andrew Collier	Dr Lewis Morrison
Dr Christina Costache	Dr Chaand Nagpaul (Chair of council)
Dr David Craigmyle	Dr Kevin O’Kane
Dr Peter Curry	Dr Rinesh Parmar
Professor Peter Dangerfield	Dr Latifa Patel (Deputy chair of representative body)
Dr Paul Darragh	Dr Philip Pearson
Dr Jacqueline Davis	Dr Trevor Pickersgill (Treasurer)
Dr Thomas Dolphin	Dr Moosa Qureshi
Dr Peter M English	Dr George Rae
Dr Glynn Evans	Mr Richard Rawlins
Sir Sam Everington	Professor Michael Rees
Dr Helen Fidler	Dr Emma Runswick
Dr Alex Freeman	Professor Wendy Savage
Dr Claire Gerada	Dr Radhakrishna Shanbhag
Professor Raanan Gillon (President)	Mr Gurdas Singh
Dr Zoe Greaves	Mr Christopher Smith
Dr Andrew Green	Dr David Strain
Dr Gaurav Gupta	Dr Vicky Theakston
Dr Brian Guttridge	Dr Penelope Toff
Dr James Haddock	Dr Richard Vautrey
Dr Sarah Hallett	Dr Mark James Stewart Weir

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Officers and professional advisers

Members of council (continued)

Dr Robert Harwood
Dr Sarah Hedderwick
Mr Michael Henley
Dr Peter Holden

Mr Rajiv Wijesuriya
Dr David Wrigley (Deputy chair of council)
Dr Jennifer Yell

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 John Chisholm, Council member
Mr Tom Grinyer Chief executive (appointed 10 July 2019)
Dr Chaand Nagpaul, Chair of council
Ms Elisa Nardi NED (appointed 26 September 2019)
Dr Trevor Pickersgill, Treasurer
Dr Helena McKeown, Chair of representative body (appointed 23 February 2019)

Dr Helen Fidler, Council member
Mr Joseph Lippincott III, BMJ Chair
Dr Kevin O’Kane, Council member
Dr David Wrigley Council member (appointed 17 July 2019)

Patrick Murphy (Director of finance and corporate services and BMA Board director) left the BMA at the end of June 2019, Nigel Watson has filled the role in the intervening period, whilst the BMA assesses the future needs of the organisation.

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 9JP

Auditor

Deloitte LLP
Statutory Auditor
London, United Kingdom

British Medical Association

Report and financial statements 2019

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

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 a 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. Tom Grinyer joined as Chief Executive Officer in July 2019 and is working across the organisation at all levels (employees through to Council) to further develop our strategic priorities. Member engagement, looking after doctors at work, ensuring the BMA is an influential voice and running the BMA to achieve its mission are central themes of the developing strategy.

Through the BMJ, our independent publishing company, the focus and direction is about creating a healthier world with a mission to advance healthcare worldwide by sharing knowledge and expertise to improve experiences and outcomes.

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.

Governance

Representative body

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.

British Medical Association

Report and financial statements 2019

Strategic report (continued)

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 and Risk Committee, which is the primary source of oversight accountable to Council, tasked with risk management, the monitoring of effective controls and ongoing operational effectiveness.

The BMA board has group oversight of the BMJ Publishing Group Limited and BMA Investments Limited.

During 2019, the BMA board instigated a number of high-profile reviews into a number of governance issues, namely, the Romney report which covered behavioural issues within the BMA, external influencing and policy communications, member services review and wider governance issues relating to how we govern ourselves. Many of the review are completed and a programme of implementing the recommendations is underway.

Business review

BMA Group income for 2019 was similar to 2018 levels £139.2m (2018: £138.8m).

The group's net worth of the Association remains very strong at £128.4m (2018: £124.7m). BMA House remains on the balance sheet at nominal value and was valued in the region of £75m in March 2012. The defined benefit pension scheme, under FRS102 as at 31st December 2019, indicated a deficit of £10.3m (2018: surplus £18.1m). This deficit is largely attributable to the change in the discount rate assumption, driven by the adjustment to corporate bond yields over the past year.

Our investment portfolio held by BMA Investments Limited has increased by 14.1% (2018: 3.2% decrease) to £138.7m in 2019 (2018: £121.6m), reflecting the global financial markets, which was in line with the various benchmarks within the investment portfolio for 2019.

Membership numbers have grown by 2.37% over the last year and we now have 159,690 members at 31 December 2019, our highest number at year end since 2016 and our first year of real, sustained membership growth since 2015. Membership revenue grew to £48.6m (2018: £48.0m). Revenue from other income sources such as events and financial services performed well during the year, £8.9m (2018: £7.6m). BMJ Publishing Group Limited (BMJ), seeks to advance healthcare by sharing knowledge and expertise to improve experiences, outcomes and value worldwide aiming to do this by stimulating and informing debate on health and healthcare as well as by creating the best evidence-based services and tools. The BMJ group continued to make good progress towards these objectives during the year, in particular the continued growth of international revenues. BMJ group income for 2019 was £81.7m (2018: £83.1m)

In conclusion, the BMA Group remains strong financially, despite difficult political and economic factors in the UK and globally. Our financial stability and strength enables us to continue our core work of supporting doctors and promoting the health of the nation.

Section 172(1) statement

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Association for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,

British Medical Association

Report and financial statements 2019

Strategic report (continued)

- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The impact of long-term decisions is assessed as a matter of course when reviewing proposed projects and during the annual budget and strategic review process, where future plans for the BMA are reviewed and refreshed.

Induction materials provided on appointment include an explanation of Directors' duties, and the Board is regularly reminded of the s.171(1) Matters, including as a rolling agenda item at every Board meeting.

As a trade union, working with and for our members is key to the future success of the organisation. In 2019 the BMA successfully concluded salary negotiations on behalf of both junior and consultant doctors, in addition we successfully lobbied government to change policy in relation to pensions which was causing doctors to either substantially reduce their working hours or leave the profession all together.

The BMA group works with key suppliers to ensure the delivery of services to members and key customers globally through regular review meetings and monitoring of key performance indicators. The supply of major services is regularly tendered to ensure that members/customers continue to receive high levels of service, delivered cost effectively.

Corporate, social, environmental, responsibility is key when developing new and existing business relationships. The BMA has long acted as a responsible organisation; we are the oldest medical association in the world to award grants to encourage and further medical research and have always advocated the highest standards of human rights in healthcare. We undertake a wide range of CSER activities, which can be grouped under three main themes:

– Workplace

We recognise that we have a responsibility to promote and adopt organisational policies that support sustainable practices and improve the health and wellbeing of our employees. We are committed to promoting equal rights and opportunities, pro-actively tackling discrimination or disadvantage in all forms and creating an open and inclusive culture for our employees.

– Communities

We recognise that we have a duty towards wider society and the communities we work with and within. The BMA seeks to give back to the community through activities such as widening participation into medicine, upholding fundamental human rights in health practice, creating key partnerships with stakeholders, supporting research careers through funding, mental wellbeing through our wellbeing support services, and doctors' financial needs through the BMA charitable network.

– Sustainability and health

We recognise the detrimental effects climate change has on health and aim to minimise our impact on the environment. Doctors and other health professionals have a vital role in supporting and advocating for better approaches to tackling climate change that protect and promote public health, while also reducing the burden on health services.

Staff and member engagement is a key component of our activities and weaves into these three themes.

BMA House as a venue has recently been voted "Greenest Venue" and "Best Conference Venue" at the 2019 Hire Space Awards.

Principal risks and uncertainties

The BMA group is carefully monitoring developments relating to the Covid-19 global pandemic. Business continuity plans have been activated to safeguard core activities and target minimal disruption to customers, suppliers and employees. These plans include regular reviews of the developing situation by management and the establishment of a central team to assess risk daily and direct appropriate responses as necessary.

British Medical Association

Report and financial statements 2019

Strategic report (continued)

It is clear the health system in the UK continues to face crisis after crisis which is well documented in all forms of media. The profession is facing unparalleled and systemic pressure from all possible sources. This is further complicated with the devolution of healthcare across the four UK nations and the uncertainty around the impact of Brexit on healthcare.

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.

Through our service delivery mechanism, we are making significant progress in protecting our members through agreements with healthcare stakeholders. Nonetheless, we are also supporting record numbers of members individually through our member relations activities.

In terms of financial risk, the BMA group closed its defined benefit pension scheme to future accrual in July 2014. As of that time, the pension scheme was fully funded. Subsequently through abnormal external market conditions, the scheme went into deficit, then surplus and back to a deficit position. The Association works collaboratively with the scheme's Pension Trustees to manage the on-going financial risk. The next triennial valuation of the scheme is due on 31 March 2021.

With the management of the investment fund, an investment sub-committee is appointed via the finance committee to manage its investment portfolio. Experienced outsourced investment managers manage the funds to agreed investment benchmarks. The present benchmark used for the pool of investments held within BMA Investments Limited, is LIBOR + 3%.

The key business risks and uncertainties affecting the BMJ are considered to relate to global economic conditions and 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 2020. The management of the BMJ review the level of currency risk inherent within the business and they hedge a level of currency risk via currency forward contracts.

Key performance indicators (KPI)

The BMA's most important KPI is its membership which stood at 159,690 (2018: 155,792) at the end of the financial year. By ensuring that we are representative and provide up to date, relevant services, the BMA aims to retain and grow its membership. With our membership, this 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), usage and article citations.

Future developments

The BMA intends to carry on its activities during the forthcoming year, with further open and honest conversations with the profession about the sort of NHS doctors want to work in. The BMA will continue to set out the key issues which government must work to address to deliver a truly sustainable NHS. One which is underpinned by adequate funding and terms and conditions for doctors to relieve system pressures.

Both the BMA and BMJ have carried out as exercise to identify and assess the impact of the possible Brexit scenarios on our on our business and the necessary mitigating actions which could be taken. Given the complex and ever-changing nature of Brexit discussions, it cannot be guaranteed that services provided will be completely unaffected. However, as a result of this internal review which continues, no circumstances arising from the most likely Brexit scenarios are currently anticipated to materially impact on business operations.

British Medical Association

Report and financial statements 2019

Strategic report (continued)

Events after the balance sheet date

COVID-19 – Our number one priority at this moment of national emergency is to ensure that doctors are able to go about their vital work and treat patients in the knowledge that they are as safe and supported as possible. The BMA is carefully monitoring developments relating to the Covid-19 global pandemic. Business continuity plans have been activated to safeguard core activities and target minimal disruption to members, customers, suppliers and employees. These plans include regular reviews of the developing situation by management and the establishment of a central team to assess risk daily and direct appropriate responses as necessary. Details of significant events since the balance sheet date are contained in note 23 to the financial statements.

Reviews and reforecasts have not identified events or conditions that prevent the business from being able to meet obligations as they fall due. With strong cash reserves at both entity and Group level, possible adverse impact to working capital can be safely and effectively managed. What is important during the pandemic is that relevant content is accessible to those on the frontline treating patients and the business continues to provide and augment this support.

Approval

Approved by the Board and signed on its behalf by:



Dr Trevor Pickersgill

Treasurer
17 June 2020

British Medical Association

Report and financial statements 2018

Directors' report

The directors present their annual report and the audited consolidated financial statements of the British Medical Association (BMA) for the year ended 31 December 2019.

Principal activities

The principal activity of the BMA is to provide personal professional and representation services for its members.

BMJ Publishing Group Limited (BMJ) and BMA Investments Limited are both wholly owned subsidiaries 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. BMA Investments Limited is the investment holding subsidiary for the BMA.

Directors

The directors, who served throughout the year except is noted on page 2.

Financial risk management objectives and policies

The BMA's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the BMA's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The BMA does not use derivative financial instruments for speculative purposes. Details of other risks and the management of these can be found in the strategic report on page 5 and also the report on the audit and risk committee on page 12.

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.

Future developments

Commentary on future developments is included within the strategic report.

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 intranet, email updates, 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 (2018: £nil). It made various charitable donations totalling £176,000 (2018: £203,000). £151,000 (2018: £178,000) was donated to medical education and research and £25,000 (2018: £25,000) 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 £75m at 31 March 2012. As stated in note 13 to the financial statements, this is significantly higher than the carrying value included within the balance sheet.

British Medical Association

Report and financial statements 2019

Directors' report (Continued)

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.

Going concern

Given the current impact and ongoing uncertainty created by the COVID-19 pandemic, the BMA has undertaken an assessment of going concern and considered the level of disclosure relating to these issues within the financial statements and full details of this can be found in note 23 to these financial statements.

Post balance sheet events

Commentary on post balance sheet events is included within the strategic report.

Independent auditor

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

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.

Equality diversity and inclusion (EDI)

Our aim is to foster a culture where individual differences and diversity are welcomed. We are committed to promoting equal rights and opportunities, pro-actively tackling discrimination or disadvantage in all forms and creating an open and inclusive culture for our members, employees and stakeholders.

We believe that EDI is integral to our work as a trade union, a professional body and an employer for several reasons:

- It strengthens our ability to stand up for doctors, both individually and collectively, on a wide variety of employment issues and influence on key ethical, scientific and public health matters, by helping to maintain the trust and confidence of all our partners and stakeholders.
- We want to demonstrate that we understand and respond to the diverse needs of doctors and patients and tailor our services accordingly.
- Our membership profile needs to reflect the make-up of the medical profession. Our committee structures must be representative of the membership and medical workforce.
- Having an inclusive and diverse workforce which reflects the rich diversity of the UK population, and the communities in which we operate, is key to achieving our mission and vision. There is also strong evidence that organisations which embrace inclusion and diversity perform better and achieve more.
- We want to attract talent, retain productive and committed staff, and be part of creating a positive culture change that spreads throughout the Association.
- There are important legislative measures affecting equalities and human rights issues. We want to be recognised as an association that aspires to high standards and good practice in all that we do.

British Medical Association

Report and financial statements 2019

Directors' report (Continued)

Modern Slavery Act 2016

In compliance with the Modern Slavery Act, BMA's website has a statement on the steps the BMA takes to ensure that slavery and human trafficking do not occur in its supply chain or operations.

Gender pay

The gender pay gap legislation introduced in April 2017 requires that UK employers with 250 employees or more publish data about their gender pay. The BMA is committed to championing equal rights and opportunities, and proactively tackling discrimination or disadvantage in all forms to create an open and inclusive culture for our employees, members, customers and stakeholders.

As an employer the BMA / BMJ group is committed to reducing our gender pay gap. We are working with our employees to identify ways in which we can do this. The gender pay gap is difference in average pay between men and women in the workforce. We have calculated the median gender pay gap for the BMA/BMJ group to be 12.2%, which means that on average men earn 12.2% more per hour than women. Our median gender pay gap is lower than the national figure, which shows that on average men earn 17.3% more per hour than women.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



Dr C Nagpaul
Chair of council
17 June 2020

British Medical Association

Report and financial statements 2019

Directors' report (Continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

British Medical Association

Report and financial statements 2019

Report of the audit and risk committee

Audit and risk committee's report

During 2019, the audit and risk committee comprised the following members: Stuart Cruickshank (chair), Jacques Cadranel, Jill Ainscough, Peter Holden and Krishan Aggarwal.

In addition, Trevor Pickersgill (BMA treasurer), Tom Grinyer (BMA chief executive), Patrick Spencer (BMJ interim chief executive), Nigel Watson (acting director of finance and corporate services) and Alex Ritchie (BMJ finance director) 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 2019 and its agendas are designed to enable it to meet the requirements of its terms of reference, which include the following set out below.

Integrity of financial reporting

The committee receives regular reports from the acting 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 from both the internal and the external auditors that the integrity of the Association's financial reporting was materially maintained during 2019.

External auditor

The committee receives regular reports from Deloitte, the external auditor, 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. In 2019 KPMG had been commissioned by the audit and risk committee to undertake a review of the effectiveness of:

- BMJ risk management
- Group finance system implementation
- BMJ treasury management
- BMA risk management
- BMA project management and governance
- BMJ project management and governance
- Recharges

This piece of work was completed in 2019 with assistance from the BMA and BMJ CEOs/CFOs (Tom Grinyer, Patrick Spencer, Nigel Watson and Alex Ritchie, respectively) who had resolved a number of issues in the initial report of the working party and had obtained definitive agreement from management right across the group. The letter of agreement had been approved and signed by the BMA and BMJ boards.

British Medical Association

Report and financial statements 2019

Report of the audit and risk committee (continued)

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 acting director of finance and corporate services exercises day to day management control over KPMG and during 2019 four audit assignments were completed.

KPMG's audit findings produced recommendations for improvements in a number of 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.

The audit and risk committee approved a detailed plan of internal audit work to be undertaken during 2019.

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.

During 2019, the approach to risk reporting fits in with the Three Lines of Defence model local management, local supervisors/risk managers and independent review by, for example Internal Audit. An Integrated Assurance Map continues to be developed to aid communication of the overall risk condition of the organisation to both the BMJ and the BMA Boards. As part of the Governance review, which commenced in September 2019, the BMA Board will review how the organisation manages risk to provide a more robust approach to risk management in the future.

In light of the new CEO and forthcoming updated strategic plan for the BMA, the committee has been discussing the important aspects for the Board to consider, in particular regarding the Board's risk appetite, with regards to both executing the strategy as well as other risks being managed by the business. In addition to this it has considered further enhancements in developing a risk management focused mindset as part of the cultural development of the BMA.



Stuart Cruickshank

Chair, Audit and Risk Committee

17th June 2020

Independent auditor’s report to the members of British Medical Association

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of the British Medical Association (the ‘parent company’) and its subsidiaries (the ‘group’):

- give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 December 2019 and of the group’s surplus and the parent company’s surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the section 28 to 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

We have audited the financial statements which comprise:

- the company and consolidated income and expenditure;
- the company and consolidated statement of comprehensive income;
- the company and consolidated balance sheets;
- the company and consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 23.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Councils (FRC’s) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors’ use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group’s or the parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of British Medical Association

Report on the audit of the financial statements

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of British Medical Association

Report on the audit of the financial statements

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Reza Motazed FCA, Senior statutory auditor
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17th June 2020

British Medical Association

Company and consolidated income and expenditure

For the year ended 31 December 2019

	Note	BMA (only)		Consolidated	
		2019 £000	2018 £000	Group 2019 £000	Group 2018 £000
Income					
Membership subscriptions		48,583	48,019	48,583	48,019
Income from other activities		9,943	9,805	8,895	7,642
Publishing:					
Subscriptions and advertising		-	-	81,687	83,115
		<u>58,526</u>	<u>57,824</u>	<u>139,165</u>	<u>138,776</u>
Expenditure					
Members' services		69,090	65,625	70,171	66,596
Other activities		1,814	2,862	-	-
Publishing		-	-	71,158	71,836
		<u>70,904</u>	<u>68,487</u>	<u>141,329</u>	<u>138,432</u>
Operating (deficit)/surplus					
Members' services		(12,378)	(10,663)	(12,693)	(10,935)
Publishing		-	-	10,529	11,279
		<u>(12,378)</u>	<u>(10,663)</u>	<u>(2,164)</u>	<u>344</u>
Operating (deficit)/surplus					
Income from fixed assets	5	17,110	11,239	7,633	6,310
Interest receivable	6	5	17	231	39
Interest payable (inter-company)	7	-	(60)	-	-
Other finance expenditure	11	(506)	(1,900)	(506)	(1,900)
Gain on sales of fixed asset investments		-	-	-	258
		<u>4,231</u>	<u>(1,367)</u>	<u>5,194</u>	<u>5,051</u>
Surplus/(deficit) before taxation					
Taxation	10	(1,096)	(1,108)	(3,244)	(3,682)
		<u>(1,096)</u>	<u>(1,108)</u>	<u>(3,244)</u>	<u>(3,682)</u>
Net surplus/(deficit) for the year					
	19	<u><u>3,135</u></u>	<u><u>(2,475)</u></u>	<u><u>1,950</u></u>	<u><u>1,369</u></u>

All activities derive from continuing operations.

The notes on pages 23 to 42 form part of these financial statements.

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

British Medical Association

Company and consolidated statement of comprehensive income

For the year ended 31 December 2019

		BMA		Consolidated	
	Note	2019 £000	2018 £000	2019 £000	2018 £000
Net surplus/(deficit) for the financial year		3,135	(2,475)	1,950	1,369
Other comprehensive income:					
Re-measurements of net defined benefit obligation	11	(9,798)	25,344	(9,798)	25,344
Unrealised gains/(losses) on investments	14	-	-	14,816	(6,359)
Deferred tax on revaluation of investment	10	-	-	(1,688)	1,430
Deferred tax on pension	11	(1,581)	-	(1,581)	-
Total comprehensive income for the year net of tax		<u>(8,244)</u>	<u>22,869</u>	<u>3,699</u>	<u>21,784</u>

British Medical Association

Company and consolidated balance sheet

For the year ended 31 December 2019

	Note	BMA		Consolidated	
		2019 £000	2018 £000	2019 £000	2018 £000
Fixed assets					
Intangible assets	12	485	874	1,381	1,470
Tangible assets	13	7,950	8,085	8,136	8,173
Investments	14(a)(b)	-	-	139,017	121,900
Subsidiary undertaking	14(c)	140,878	140,878	-	-
		<u>149,313</u>	<u>149,837</u>	<u>148,534</u>	<u>131,543</u>
Current assets					
Inventories	15	-	-	12	14
Debtors	16	5,885	7,488	27,555	29,927
Cash held in liquidity fund		-	3,005	-	7,010
Cash and bank balances		6,256	3,233	24,044	18,649
		<u>12,141</u>	<u>13,726</u>	<u>51,611</u>	<u>55,600</u>
Creditor: amounts falling due within one year	17	<u>(35,733)</u>	<u>(39,861)</u>	<u>(56,647)</u>	<u>(59,301)</u>
Net current liabilities		<u>(23,592)</u>	<u>(26,135)</u>	<u>(5,036)</u>	<u>(3,701)</u>
Total assets less current liabilities		<u>125,721</u>	<u>123,702</u>	<u>143,498</u>	<u>127,842</u>
Provisions for liabilities	18	(127)	(168)	(4,839)	(3,186)
Defined pension scheme	11	(10,304)	-	(10,304)	-
Net assets		<u>115,290</u>	<u>123,534</u>	<u>128,355</u>	<u>124,656</u>
Capital and reserves					
Revaluation reserve – freehold property	13	454	454	454	454
Revaluation reserve – investments	20	-	-	54,155	39,339
Revaluation reserve – subsidiary undertakings	14(d)	59,000	59,000	-	-
Retained earnings	19	55,836	64,080	73,746	84,863
Total equity		<u>115,290</u>	<u>123,534</u>	<u>128,355</u>	<u>124,656</u>

The BMA surplus for the financial year before taxation is £4,231,000 (deficit 2018: £1,367,000). The group consolidated surplus for the financial year before taxation is £5,194,000 (2018: £5,051,000)

The notes on pages 23 to 42 form part of these financial statements.

The financial statements of British Medical Association (registered number 00008848) were approved by the board of directors and authorised for issue on 17 June 2020. They were signed on its behalf by:



Dr T Pickersgill
Treasurer



Dr C Nagpaul
Chair of council

British Medical Association

Company and consolidated statement of changes in equity

For the year ended 31 December 2019

	Revaluation reserves £000	BMA retained earnings £000	Total equity £000	Revaluation reserves £000	Consolidated retained earnings £000	Total equity £000
Balance at 1 January 2018	59,454	41,211	100,665	46,152	56,720	102,872
(Deficit)/surplus for the financial year	-	(2,475)	(2,475)	-	1,369	1,369
Other comprehensive income for the year	-	-	-	-	1,430	1,430
Net pension deficit movement	-	25,344	25,344	-	25,344	25,344
Unrealised loss on investments	-	-	-	(6,359)	-	(6,359)
Balance at 31 December 2018	<u>59,454</u>	<u>64,080</u>	<u>123,534</u>	<u>39,793</u>	<u>84,863</u>	<u>124,656</u>
Balance at 1 January 2019	59,454	64,080	123,534	39,793	84,863	124,656
Surplus for the financial year	-	3,135	3,135	-	1,950	1,950
Other comprehensive income for the year	-	-	-	-	(1,688)	(1,688)
Net pension movement	-	(9,798)	(9,798)	-	(9,798)	(9,798)
Unrealised gains on investments	-	-	-	14,816	-	14,816
Movement on deferred tax relating to pension	-	(1,581)	(1,581)	-	(1,581)	(1,581)
Balance at 31 December 2019	<u>59,454</u>	<u>55,836</u>	<u>115,290</u>	<u>54,609</u>	<u>73,746</u>	<u>128,355</u>

British Medical Association

Consolidated statement of cash flows

For the year ended 31 December 2019

		Consolidated	
	Note	2019 £000	2018 £000
Net cash from operating activities	a	2,217	6,509
Taxation paid		(3,745)	(4,235)
Net cash generated from operating activities		<u>(1,528)</u>	<u>2,274</u>
Cash flow from investing activities			
Purchase of intangible assets		(356)	(1,117)
Purchase of tangible assets		(867)	(519)
Proceeds from disposals of tangible assets		60	19
Interest received		231	39
Dividends received		845	723
Net cash used in investing activities		<u>(87)</u>	<u>(855)</u>
Net (decrease) increase in cash and cash equivalents	b	(1,615)	1,419
Cash and cash equivalents at the beginning of the year		25,659	24,240
Cash and cash equivalents at the end of the year		<u>24,044</u>	<u>25,659</u>
Cash and cash equivalents consists of:			
Cash held in liquidity fund		-	7,010
Cash and bank balances		24,044	18,649
Cash and cash equivalents		<u>24,044</u>	<u>25,659</u>

British Medical Association

Consolidated statement of cash flows (continued)

For the year ended 31 December 2019

	Consolidated	
	2019	2018
	£000	£000
Note a: Reconciliation of net surplus to net cash inflow from operating activities		
Net surplus for the year	1,950	1,369
Adjustments for:		
Tax on surplus	3,244	3,682
Income from fixed assets	(7,633)	(6,310)
Income from current assets	(231)	(39)
Other finance expenditure	506	1,900
Gain on sale on fixed assets investments	-	(258)
	<hr/>	<hr/>
Operating (deficit)/surplus	(2,164)	344
Surplus on rental income	4,524	3,928
Depreciation of tangible assets	883	964
Amortisation of intangible assets	445	715
Profit on disposal of tangible fixed assets	(60)	(19)
Working capital movements:		
Increase / (decrease) in creditors	963	(2,341)
(Increase) / decrease in debtors	(2,372)	2,930
Increase in inventories	(2)	(12)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>2,217</u>	<u>6,509</u>
Note b: Reconciliation of net cash flow to movements in net (deficit)/funds		
Increase in cash in the year	5,395	6,103
Decrease in cash held in liquidity fund	(7,010)	(4,684)
	<hr/>	<hr/>
Change in net funds	<u>(1,615)</u>	<u>1,419</u>

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

1. Statutory information

British Medical Association is a private company registered in England and Wales, incorporated in the United Kingdom, registration number 00008848. 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.

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. Given the current impact and ongoing uncertainty created by the COVID-19 pandemic, the BMA has undertaken an assessment of going concern and considered the level of disclosure relating to these issues within the financial statements and full details of this can be found in note 23 to these financial statements.

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. 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. The financial statements are presented in Sterling (£). The Company meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemption available to it in respect of its separate financial statements in relation to presentation of a cash flow statement and key management personnel disclosures.

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 Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Adjustment in respect of prior periods

Prior period comparatives have been restated to correctly reflect the disclosure of the deferred tax relating to the pension scheme. Previously the deferred tax balance had been offset against the pension scheme balance in Note 11 Post-employment benefit and within the balance sheet. Under FRS 102 deferred tax in respect of a defined benefit liability or asset should be presented with other deferred tax assets or liabilities. It should not be netted off against the defined benefit liability or asset. This has been corrected in the current year and has resulted in an adjustment in respect of prior year to ensure comparability. There is nil impact on the prior period net assets and income and expenditure statement.

The comparative for the year ended 31 December 2018 has been restated as follows:

1. Note 10 taxation - £2,165k deferred tax on pension scheme has been disclosed. This reduced the net deferred tax liability to £927k.
2. Note 11 post-employment benefit - £2,165k deferred tax asset has been removed. This reduced the net defined benefit to £nil.
3. Note 16 debtors - £2,165k deferred tax asset has been disclosed. This increased BMA debtors to £7,488k and Consolidated debtors to £29,927k.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

3. Accounting policies (continued)

4. Total current assets on the balance sheet has increased by £2,165k to £55,600k.
5. Net current liabilities on the balance sheet has decreased by £2,165k to £3,701k.
6. Total assets less current liabilities has increased by £2,165k to £127,842k.

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, 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. 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 and expenditure account. 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 comprehensive income. 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.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

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 account 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
- unrealised 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.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

3. Accounting policies (continued)

(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.

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) Impairment

The company reviews its goodwill for triggers of impairment each year; however no trigger of impairment has been identified in 2019. In accordance with Accounting Standards any impairment would be charged to the income statement in the year.

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 income and 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.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

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 income and expenditure 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 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the income and expenditure account as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rat basis.

n Inventories

Inventories comprise of paper only and are stated at the lower of cost and estimated selling price, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first in first out) method.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

3. Accounting policies (continued)

o 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.

Accounting judgements

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.

Management estimation

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.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

5. Income from fixed assets

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Gross rental income	5,685	5,089	4,313	3,778
Service and maintenance income	-	-	211	150
Net property income	5,685	5,089	4,524	3,928
Dividends and interest	11,425	6,150	3,128	2,467
Investment management fees	-	-	(19)	(85)
	<u>17,110</u>	<u>11,239</u>	<u>7,633</u>	<u>6,310</u>

6. Interest receivable

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Interest on bank deposit accounts	5	17	231	39
	<u>5</u>	<u>17</u>	<u>231</u>	<u>39</u>

7. Interest payable (inter-company)

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

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

8. Surplus/(deficit) before taxation

Surplus/(deficit) before taxation is stated after charging:

	BMA		Consolidated	
	2019	2018	2019	2018
	£000	£000	£000	£000
Wages and salaries	26,654	26,294	52,020	53,491
Social security costs	2,792	2,692	5,289	5,106
Other pension costs – defined contribution	2,635	2,984	4,851	5,548
	<u>32,081</u>	<u>31,970</u>	<u>62,159</u>	<u>64,145</u>
Depreciation of tangible assets	799	901	883	964
Amortisation of intangible assets	389	231	445	715
Profit on disposal of fixed assets	(60)	(19)	(60)	(19)
Auditor's remuneration				
Audit of financial statements - BMA	58	56	58	56
Audit of financial statements - subsidiaries	-	-	84	81
Operating lease rentals:				
Land and buildings	272	272	472	472
	Number	Number	Number	Number
Monthly average number of employees during year:				
Members' services	508	498	508	498
Publishing	-	-	408	443
	<u>508</u>	<u>498</u>	<u>916</u>	<u>941</u>

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

9. Directors' emoluments

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Aggregate emoluments/honoraria (excluding pensions)	933	1,093	2,237	2,367
Aggregate pension – defined contribution scheme	-	13	21	36
Highest paid director				
Total amount of emoluments and amounts receivable under long-term incentive plans	171	196	422	321

For the purposes of FRS102, the directors of the BMA are deemed to be the key management personnel.

10. Taxation

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Current tax				
UK corporation tax @ 19% (2018: 19%)	1,192	1,132	3,029	3,569
Adjustments in respect of prior years	(55)	(30)	(58)	(61)
Foreign tax	-	-	383	60
Total current tax	1,136	1,102	3,354	3,568
Deferred tax				
Origination and reversal of timing differences	(12)	(17)	(20)	104
Changes in tax rates or laws	-	-	-	(13)
Adjustments in respect of prior years	(28)	23	(90)	24
Total deferred tax	(40)	6	(110)	115
Total taxation on surplus	1,096	1,108	3,244	3,683

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 17% from 1 April 2020. Profits for this accounting year are taxed at an effective rate of 19%.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

10. Taxation (continued)

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

Reconciliation of total tax charge	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Surplus/(deficit) before tax	4,231	(1,367)	5,194	5,051
Surplus/(deficit) before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	804	(260)	987	959
Expenses not deductible for tax	2,546	2,541	1,923	1,919
Other timing differences	-	-	(14)	534
Adjustments in respect of prior years	(84)	(6)	(151)	(38)
Goodwill and amortisation	-	-	712	716
Rate change	-	-	-	(13)
Foreign tax	-	-	209	29
Income not taxable	(2,171)	(1,169)	(437)	(315)
Capital allowances in excess of depreciation	1	2	15	(108)
Total tax charge for the year	1,096	1,108	3,244	3,683
Deferred tax	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Provision for deferred tax				
Accelerated capital allowances	(127)	(167)	(195)	(256)
Revaluation of investments	-	-	(4,712)	(3,018)
Short term timing differences	-	-	237	182
	(127)	(167)	4,670	(3,092)
At 1 January	(167)	(161)	(3,092)	(4,407)
Deferred tax credit/(charge) in income and	40	(6)	110	(115)
Deferred tax in statement of comprehensive income	-	-	(1,688)	1,430
Deferred tax on pension scheme	584	2,165	584	2,165
At 31 December	457	1,998	(4,086)	(927)

The above consolidated deferred tax liability of £4,086,000 (2018: £927,000) represents the net of the deferred tax asset of £753,000 (2018: £2,259,000) per note 16 and the £4,839,000 (2018: £3,186,000) deferred tax liability per note 18.

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.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (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 2018 and at this date there were no contributing members in the Scheme. 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 2.95% per annum, and pensions with capped increases would increase at 2.90% pa.

The actual return on assets over the year to 31 December 2019 was a gain of £26.4 million.

The Association expects to make nil contributions to the Scheme in the next financial year.

	2019	2018
	£000	£000
Principal actuarial assumptions:		
Future pension increases		
- Increasing in line with RPI	3.20%	3.40%
- Increasing in line with RPI subject to a maximum of 5%	3.00%	3.10%
Discount rate	2.00%	2.80%
RPI inflation	3.20%	3.40%
CPI inflation	2.50%	2.40%

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

	2019	2018
	£000	£000
Male member age 65 (current life expectancy)	22.4	22.4
Male member age 40 (life expectancy at age 65)	23.8	23.8
Female member age 65 (current life expectancy)	24.7	24.7
Female member age 40 (life expectancy at age 65)	26.3	26.2

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

11. Post-employment benefit (continued)

	Value at 31 December	
	2019 £000	2018 £000
Equities	87,288	107,899
Indexed Linked Government Bonds	175,240	133,023
Corporate Bonds	35,734	54,713
Property	48,743	40,795
Liability Driven Investment (LDI)	17,498	18,141
Other	35,633	20,148
	<u>400,136</u>	<u>374,719</u>
Fair value of scheme assets	400,136	374,719
Present value of funded obligations	(410,440)	(356,589)
	<u>(10,304)</u>	<u>18,130</u>
Scheme (deficit)/surplus	(10,304)	18,130
Irrecoverable surplus (effect of asset ceiling)	-	(18,130)
	<u>(10,304)</u>	<u>-</u>
Net defined (liability)/benefit	<u>(10,304)</u>	<u>-</u>

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

	2019 £000	2018 £000
Fair value of scheme assets at 1 January	374,719	393,974
Interest income on scheme assets	10,348	9,700
Actuarial gain/(loss)	26,381	(16,048)
Benefits paid from scheme	(10,298)	(11,946)
Scheme administration expenses	(1,014)	(961)
	<u>400,136</u>	<u>374,719</u>
Fair value of scheme at 31 December	<u>400,136</u>	<u>374,719</u>

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

11. Post-employment benefit (continued)

The movement in the present value of defined benefit obligation during the year was as follows:

	2019	2018
	£000	£000
Defined benefit obligation at 1 January	356,589	417,418
Interest cost	9,840	10,286
Actuarial loss/(gain) due to change in assumptions	54,309	(59,522)
Plan introduction, changes, curtailments and settlements	-	353
Benefits paid from scheme	(10,298)	(11,946)
	<hr/>	<hr/>
Defined benefit obligation at 31 December	410,440	356,589

The amounts recognised in profit or loss are as follows:

	2019	2018
	£000	£'000
Net interest on net defined benefit liability	508	(939)
Scheme administration expenses	(1,014)	(961)
	<hr/>	<hr/>
	(506)	(1,900)

Analysis of amount recognised in Other Comprehensive Income (OCI):

	2019	2018
	£000	£000
Return on assets, excluding interest income	26,381	(16,048)
Actuarial (loss)/gain arising from changes in assumptions	(54,309)	59,522
	<hr/>	<hr/>
Gain due to the asset ceiling	18,130	(18,130)
	<hr/>	<hr/>
Total gain recognised in the OCI at 31 December	(9,798)	25,344

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

12. Intangible assets

	BMA Software £000	Goodwill £000	Consolidated Software £000	Total £000
At 1 January 2019				
Cost	874	37	1,433	1,470
Additions	-	-	356	356
Amortisation	(389)	(37)	(408)	(445)
Closing net book amount	<u>485</u>	<u>-</u>	<u>1,381</u>	<u>1,381</u>

Intangible assets

The software intangible assets include the Association's new membership system, HR payroll systems and finance system, which were created by external development firms for the Association's specific requirements and have a remaining amortisation period of 2.5 year, 3.5 years and 5.0 years respectively.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

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					
At 1 January 2019	13,047	1	1,857	719	15,624
Additions during year	258	-	292	135	685
Disposals during the year	-	-	-	(155)	(155)
At 31 December 2019	<u>13,305</u>	<u>1</u>	<u>2,149</u>	<u>699</u>	<u>16,154</u>
Less:					
Accumulated depreciation					
At 1 January 2019	(5,620)	(1)	(1,453)	(465)	(7,539)
Charge for the year	(351)	-	(290)	(158)	(799)
Disposals and amounts written off during the year	-	-	-	134	134
At 31 December 2019	<u>(5,971)</u>	<u>(1)</u>	<u>(1,743)</u>	<u>(489)</u>	<u>(8,204)</u>
Net book value	7,334	-	406	210	7,950
At 31 December 2019	<u>7,334</u>	<u>-</u>	<u>406</u>	<u>210</u>	<u>7,950</u>
At 31 December 2018	<u>7,427</u>	<u>-</u>	<u>404</u>	<u>254</u>	<u>8,085</u>

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

13. Tangible assets (continued)

(ii) Consolidated	Freehold premises £000	Long leasehold improvements £000	Plant and office equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 January 2019	13,047	1	2,067	719	15,834
Additions during year	258	-	474	135	867
Disposals during the year	-	-	-	(155)	(155)
At 31 December 2019	<u>13,305</u>	<u>1</u>	<u>2,541</u>	<u>699</u>	<u>16,546</u>
Less:					
Accumulated depreciation					
At 1 January 2019	(5,620)	(1)	(1,575)	(465)	(7,661)
Charge for the year	(351)	-	(374)	(158)	(883)
Disposals during the year	-	-	-	134	134
At 31 December 2019	<u>(5,971)</u>	<u>(1)</u>	<u>(1,949)</u>	<u>(489)</u>	<u>(8,410)</u>
Net book amount					
At 31 December 2019	<u>7,334</u>	<u>-</u>	<u>592</u>	<u>210</u>	<u>8,136</u>
At 31 December 2018	<u>7,427</u>	<u>-</u>	<u>492</u>	<u>254</u>	<u>8,173</u>

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 2019 is significantly higher than the carrying value recorded above.

14. Investments

(a) Reconciliation of market value of investments	Consolidated	
	2019 £000	2018 £000
Market value at 1 January	121,900	126,022
Additions	2,301	7,137
Proceeds of sale	-	(4,900)
Increase/(decrease) in market value	<u>14,816</u>	<u>(6,359)</u>
Total at 31 December	<u>139,017</u>	<u>121,900</u>
Cost at 31 December	<u>84,536</u>	<u>82,239</u>

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

14. Investments (continued)

(b) Analysis of market value of investments	Consolidated	
	2019 £000	2018 £000
UK equity passive index funds	29,129	24,453
Global equity passive index funds	42,620	35,498
Multi asset diversified funds	19,766	17,852
Sustainable real return funds	28,464	25,407
Secured property income fund	18,706	18,368
Locum Tap*	332	322
	<u>139,017</u>	<u>121,900</u>

*In 2018, the BMJ Publishing group purchased a 10% minority interest in LocumTap Limited (trading as Patchwork Limited), to help hospitals better manage demand for NHS temporary staff. Patchwork Limited is a marketplace that connects healthcare employers directly with locum clinicians.

(c) Cost of investments in group undertakings	BMA	
	2019 £000	2018 £000
Balance at 1 January and 31 December	<u>140,878</u>	<u>140,878</u>

Entity name	Holding	Country of incorporation	Company registration numbers	Immediate parent company	Registered Office
BMJ Publishing Group	100%	United Kingdom	03102371	BMA	BMA House, Tavistock Square, London
BMA Investments Limited	100%	United Kingdom	02683429	BMA	BMA House, Tavistock Square, London
BMA (2002) Limited*	100%	United Kingdom	03523034	BMA	BMA House, Tavistock Square, London
Medelect Limited*	100%	United Kingdom	03908486	BMJ Publishing Group Ltd	BMA House, Tavistock Square, London
BMJ Publishing Inc.	100%	Incorporated and registered in California, USA	-	BMJ Publishing Group Ltd	Two Hudson Place, Hoboken, NJ 07030 USA
BMJ Group India Private Limited	99%	India	-	BMJ Publishing Group Ltd	Navkar Marol, Andheri, Mumbai, India
BMJ (Beijing) Medical Science and Technology Co Limited	100%	China	-	BMJ Publishing Group Ltd	1509 Silver Tower No2 East, Chaoyang District, Beijing 100027 China

*Both BMA (2002) Limited and Medelect Limited were dormant during the year.

(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 from BMA 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.

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Notes to the financial statements

For the year ended 31 December 2019 (continued)

15. Inventories

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Raw materials and consumables	-	-	12	14

16. Debtors

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Amounts falling due within one year:				
Trade debtors	1,162	1,833	16,871	17,299
Amounts owed by group undertakings	1,732	12	-	-
Other receivables	718	654	1,183	947
Deferred tax	584	2,165	753	2,259
Prepayments and accrued income	1,689	2,824	8,748	9,422
	<u>5,885</u>	<u>7,488</u>	<u>27,555</u>	<u>29,927</u>

Amounts owed by group undertaking are repayable upon demand.

17. Creditors: amounts falling due within one year

	BMA		Consolidated	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	1,284	3,904	3,679	6,926
Amounts owed to group undertakings	17,807	17,795	-	-
Corporation tax	638	617	1,425	1,966
Other creditors	129	-	277	1,264
Accruals and deferred income	7,350	9,042	33,098	22,277
Subscriptions received in advance	8,525	8,503	18,168	26,868
	<u>35,733</u>	<u>39,861</u>	<u>56,647</u>	<u>59,301</u>

Amounts owed to group undertaking are repayable upon demand.

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Notes to the financial statements

For the year ended 31 December 2019 (continued)

18. Provisions for liabilities

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Deferred tax				
At 1 January	168	161	3,186	4,567
Provided during the year	(41)	7	1,653	(1,381)
At 31 December	<u>127</u>	<u>168</u>	<u>4,839</u>	<u>3,186</u>
Amounts estimated to be released greater than 12 months	<u>127</u>	<u>168</u>	<u>4,839</u>	<u>3,186</u>

The above excludes the deferred tax asset of £584,000 (2018: £2,165,000) relating to the BMA Staff Pension Scheme see note 10 and the deferred tax asset of £169,000 (2018: £94,000) per note 10 and 16.

19. Retained earnings

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Opening accumulated reserves	64,080	41,211	84,863	56,720
Net surplus/(deficit) for the financial year	3,135	(2,475)	1,950	1,369
Actuarial (loss)/gain on pension scheme movement	(9,798)	25,344	(9,798)	25,344
Deferred tax on revaluation of investments	-	-	(1,688)	1,430
Movement on deferred tax relating to pension	(1,581)	-	(1,581)	-
Closing accumulated reserves	<u>55,836</u>	<u>64,080</u>	<u>73,746</u>	<u>84,863</u>

20. Revaluation reserve - investments

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
At 1 January	-	-	39,339	45,698
Increase/(decrease) in market value for year	-	-	14,816	(6,359)
At 31 December	<u>-</u>	<u>-</u>	<u>54,155</u>	<u>39,339</u>

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

21. Reconciliation of movements in reserves employed

	BMA		Consolidated	
	2019 £000	2018 £000	2019 £000	2018 £000
Net surplus/(deficit) for the financial year	3,135	(2,475)	1,950	1,369
Net actuarial (loss)/gain on pension scheme movement	(9,798)	25,344	(9,798)	25,344
Deferred tax on revaluation of investments	-	-	(1,688)	1,430
Increase/(decrease) in market value for year	-	-	14,816	(6,359)
Movement on deferred tax relating to pension	(1,581)	-	(1,581)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in reserves employed	(8,244)	22,869	3,699	21,784
Opening accumulated reserves	123,534	100,665	124,656	102,872
	<hr/>	<hr/>	<hr/>	<hr/>
Closing accumulated reserves	115,290	123,534	128,355	124,656

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 arm's 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 arm's 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 country of incorporation and effective percentage of ownership has been disclosed in note 14c.

British Medical Association

Notes to the financial statements

For the year ended 31 December 2019 (continued)

23. Post balance sheet events

At the time of approving these financial statements and given the current impact and ongoing uncertainty created by the COVID-19 pandemic, the directors have assessed the going concern of the BMA and its subsidiaries, this assessment and consideration is summarised below:

Broad context

BMA specific and the group were in a strong cash position at 31 December 2019 (£6.3m and £24.0m respectively) and remained so at 30 April 2020. Initial cash flow forecasts to July 2021 shows the group having in excess of £20.0m in liquid cash. The Group had net assets of £138.1m at the same balance sheet date. The core activity of the BMA during the COVID-19 crisis is to work tirelessly to campaign for doctors on sufficient PPE provision, testing for health workers, expanding the workforce and death in service.

Membership has grown by just under 1% since December 2019 through the COVID-19 crisis, whilst social distancing rules are in place, face to face recruitment will not be possible and as such we are looking at alternative ways to recruit/retain members through the use of technology/social media. Other non-subscription income streams such as the events and property lease income will be impacted by COVID-19, but the majority of any losses will be mitigated by savings in other areas.

As mentioned in the strategic report one of the main financial risk for the BMA group is the defined benefit pension scheme that closed to future accrual in July 2014. As of that time, the pension scheme was fully funded. Subsequently through abnormal external market conditions, the scheme went into deficit, then surplus and back to a deficit position. The Association is closely monitoring this and is working collaboratively with the scheme's Pension Trustees to manage the on-going financial risk. The next triennial valuation of the scheme is due on 31 March 2021.

Level of operational disruption:

Staff are working remotely but as all employees are issued with laptops and cloud-based email, and as our primary sales, financial and product management systems are all cloud-based, day-to-day operations have not been dramatically disrupted. A central team has been established to review the developing situation and necessary responses to ensure business continuity. This team meets daily and has so far been effective in identifying and addressing necessary changes.

Vendor contracts for the supply of services to BMA House, such as catering, porter tasks, cleaning, reception, security and maintenance provided by third party contractors the BMA has agreed for the short term to continue to support these companies that may have furloughed employees on a full basis i.e to cover the 20% the government is not covering, but this will be continually reviewed on a case by case basis.

Liquidity and working capital

A reforecast of cashflow has been undertaken in light of the changing economic environment resulting from COVID-19. This analysis clearly shows that the Group remains significantly cash positive throughout 2020 and well into 2021, even with lost revenues and ongoing costs. It should be further noted that this cashflow analysis does not assume that the business takes advantage of any government support schemes nor that any structural cost cutting measures are initiated, which provides further comfort that cashflow will not prevent the business from continuing successfully. A review of the BMA Investments Limited holdings prior to the COVID-19 outbreak resulted in the Finance Committee agreeing to sell £5m worth of assets held with SSGA (State Street Global Assets), so this crystallized additional working capital for the group, and if further liquid cash is required could repeat this as and when required. The value of these investments was £121.2m as at 30th April 2020 and group cash amounted to £25.1m at 30th April 2020.

Asset valuations

There was substantial headroom on all assets across the group, with the BMJ, BMA House and Edinburgh office valuations all recorded at historical rates in the financial statements so this would only strengthen the balance sheet. BMA Investment Limited holdings still valued in excess of £121.2m at the end of April 2020.