

British Dental Association

Report and Financial Statements

Year Ended

30 September 2021

Company Number 14161

British Dental Association

Report and financial statements for the year ended 30 September 2021

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British Dental Association

Report of the Chair of the Principal Executive Committee for the year ended 30 September 2021

Report of the Chair of the Principal Executive Committee

As this set of accounts makes clear, from a financial perspective, 2020/21 was something of a year of recovery for the Association. Some important income streams, such as BDJ advertising revenue, began to recover as activity and confidence returned in the dental sector. That didn't apply across the board, for example the business of face-to-face events never really had the opportunity to properly get going again. However, the Association was able to prudently manage its resources across the year and it was this control on expenditure rather than growth in income that enabled us to end the year in a relatively healthy position.

Membership remains our lifeblood and serving and supporting our members our absolute focus. It is therefore disappointing that after an increase in 2019/20, the number of dentists in membership during the year returned to pre-pandemic levels. We have continued to work tirelessly to represent members both on a collective and individual basis, and I am proud of the job done by our elected representatives and staff across the four countries of the UK. Across the year, we promoted the interests and articulated the views of the profession across such a wide range of issues. Those included, to name but a few, the ever-changing NHS contractual frameworks in each of the nations; the complex and controversial infection prevention and control regulations; the important changes to NHS structures with integrated care systems in England; the future of education via the Advancing Dental Care project; and support for dental students, particularly in Scotland where students were asked to extend their studies.

In many respects, our voice has never been louder on behalf of the profession. Our profile across broadcast, print and online media remains extremely strong, we have spoken and worked with parliamentarians across all nations and parties, and the profession has continued to engage enthusiastically with our content, particularly via our website.

In order to be able to do our job properly for members, we need the foundations in place to support our work. I am pleased that in 2020/21 we were able to kick off our much-anticipated website project. Whilst the existing site has helped us serve members during the pandemic, it is undoubtedly showing its age. We really look forward to improved functionality in areas like search and navigation, the organisation of advice and how we support events locally and nationally. It wasn't just the website that we started to look at during the year; we also started to consider how we best support the way both our staff and members work as we come out of the pandemic, looking to retain some of the advantages of remote working whilst ensuring we can be effective in our roles. Part of that will be how we utilise our physical spaces and Wimpole Street building in particular. We look forward to developing that work in the next year.

As we move into 2022, we want to do ever more to represent the profession and to persuade dentists and students that they should be members of the BDA. Part of that is always striving to do better in advising and representing, but we also want the profession to feel that the Association is reflective of them and their needs. That is why we made equality, diversity and inclusion one of our key themes during 2020/21, kicking off an important programme of work including research, monitoring and training. We will build on that good start as we move into 2022.



E Crouch

Chair of Principal Executive Committee

British Dental Association

Directors and professional advisors
for the year ended 30 September 2021

Directors and Advisors

The following held office during the year:

M Armstrong
P Blaylock
Mark Bishop (resigned 31 December 2020)
V Chan
E Crouch, Chair of the Principal Executive Committee
P Crooks
J Edwards
L Cross
T Harker
L Harrhy
S Ilyas
N Jones (Resigned 31 December 2021)
Anthony Kilcoyne (appointed 1 January 2021, resigned 9 April 2021)
A Lockyer
C Morris
J Mynors-Wallis (Appointed 1 Jan 2022)
J Stokes
P Woodhouse

Bankers

National Westminster Bank plc, 1 Cavendish Square, London, W1A 4NU

Auditors

BDO LLP, 55 Baker Street, Marylebone, London, W1U 7EU

Secretary and registered office

Martin Woodrow, 64 Wimpole Street, London, W1G 8YS

Company number

14161

British Dental Association

Directors' report for the year ended 30 September 2021

The directors present their report together with the audited financial statements of the group for the year ended 30 September 2021.

Constitution

The British Dental Association ("BDA") is a Special Register Body as defined under s.84 of the Industrial Relations Act 1971. As such it is both a registered trade union and company limited by guarantee, registered in England and Wales.

British Dental Association Trust Fund

The British Dental Association Trust Fund ("The Trust"), which is limited by guarantee (company number 849283) and therefore governed by its Memorandum and Articles of Association, is also a registered charity (charity number 313407).

The British Dental Association Trust Fund is an incorporated charity which is limited by guarantee with a year end of 30 September 2021. The objects of the charity are:

- a) To promote, encourage and advance the study and practice of dentistry and allied sciences.
- b) To advance education in connection with dentistry and allied sciences.
- c) To promote dental health and to further dental health education.
- d) To attain the above-mentioned objects by any of the following among other means:
 - i. The execution and discharge or the assistance in the execution and discharge (so far as it shall be lawful) of any educational or other charitable function of the British Dental Association.
 - ii. The provision and/or maintenance and improvement of a library and museum or libraries and museums.

The Trust Fund is largely funded by the Association and is considered to be under common control. As a result the Directors of British Dental Association are of the opinion that in accordance with section 9.4 of FRS 102 the Trust should be considered to be a subsidiary of the British Dental Association.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the BDA and its subsidiary undertaking, the British Dental Association Trust Fund, which is a registered charity. The results of the charity are consolidated on a line by line basis within the consolidated income and expenditure account using those categories that best reflect the activities of the charity. Separate financial statements for The Trust are available from its registered office and the Charity Commission and present a separate Statement of Financial Activities ('SOFA') for the charity and other disclosures as set out by Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities (FRS102), effective 1 January 2019.

Principal activity

The BDA is a professional association and trade union providing professional and legal support to dentists in all working environments through advice, representation, events, publications and policy making.

Membership

Membership numbers at the end of the financial year totalled 15,391 qualified members (2020 – 15,834). Student numbers totalled 1,269 (2020 - 1,571).

Fixed assets

Details of movements in fixed assets are set out in the notes to the accounts.

The directors recognise that the market value of the long leasehold property is materially higher than the historical cost value stated in the accounts.

British Dental Association

Directors' report for the year ended 30 September 2021 (*continued*)

Future developments

Progress of strategic and operational priorities have been hampered by the pandemic. Given the ongoing uncertainty experienced because of Covid-19, the PEC has agreed to postpone the introduction of a new plan until autumn 2022.

The most obvious direct impact of the pandemic has been how the BDA operates and conducts its business. Like many organisations, the Association has implemented home-based working to support its members effectively. A key challenge for 2021/22 will be to make sure that the BDA develops its working practices and workspaces to get the full benefits of a dispersed workforce and officers.

The pandemic has demonstrated how important the BDA's website is as a mechanism for interaction and engagement with its members. To help achieve this, the Association will launch a new website over the next financial year. The website development is an important undertaking, underpinning many parts of the BDA's offering.

The BDA's commitment to reflect, represent and be a place for equal opportunities will remain. The Association will therefore continue to be an organisation that prides itself on diversity and inclusion.

Pension deficit

The interim actuarial valuation of the defined benefit scheme as of 30 September 2021, based on the principles of chapter 28 of FRS 102 reveals a deficit of £3,179,208 (2020 - deficit of £4,747,817). Details are set out in *Note 20* to the accounts. Due to the significant increase in the scheme's deficit in recent years, the Association has granted the trustees of the fund security over 64 Wimpole Street. To eliminate the funding shortfall, the trustees and the BDA have agreed monthly contributions totalling £38,911 will be paid to the scheme. This will increase annually at a rate of 3.70% on and from 1 April 2022.

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 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 it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.

Directors

The directors who served during the year are as stated on Page 2.

British Dental Association

Directors' report for the year ended 30 September 2021 (*continued*)

Governance

The Association has one decision making body, the Principal Executive Committee (PEC) who are directly elected by members, and set the policy and strategic direction of the BDA. The PEC receives advice and opinion from advisory committees to help it in its role. These committees will usually deal with detailed policy analysis and proposals. Some advisory committees (referred to as 'craft committees') are also elected to represent particular parts of the profession, as well as provide advice. Committees can therefore be purely advisory, or advisory and representative.

The Association has in place an audit committee to ensure that the interests of members are properly protected in relation to financial reporting and internal control. Members are able to raise any issues of concern to Tim Harker, the Chair of the Audit Committee.

To further strengthen the governance and democratic representation of the Association there is a Scrutiny Committee, made up of elected members of the Association's UK Council. This has the following remit:

- to support the Principal Executive Committee (PEC) in undertaking its obligation to deliver a report and financial statements to the United Kingdom Council, by identifying and prioritising issues for discussion through early consideration of the report with senior officers and staff;
- to consider, comment, and make recommendations where appropriate, on the quality and content of reporting by the PEC to the country councils and representative structure;
- to offer, or provide when requested, commentary and advice to the Audit Committee on any issues and activities within the Audit Committee's remit;
- to provide a forum for review of any issue within the UK Council's remit, and referred to it by the UK Council;
- to provide a forum for review of any issue jointly referred to it by the UK Council and PEC; and
- to provide regular reports to the UK Council, including recommendations for action as appropriate.

Charitable and political contributions

During the year the BDA contributed £470,000 (2020 - £222,000) to the BDA Trust Fund. There were no political contributions during the year (2020 - £Nil).

Financial instruments

Liquidity risk

Liquidity risk arises from the Association's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Association will have difficulty meeting its financial obligations as they fall due. The directors of the Association receive a 12-month cash flow projection during the budget setting process as well as a cash flow statement in the monthly management accounts pack. The cash flow projection is updated to reflect changes in operational activities as part of the Association's quarterly forecasting systems. At the end of the financial year, these projections indicate that the Association should have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

British Dental Association

Directors' report for the year ended 30 September 2021 (*continued*)

Financial instruments (*continued*)

Market risk

The Association is mainly exposed to market risk from the investment portfolio held within the Shirley Glasstone Hughes restricted fund of The BDA Trust Fund. Covid-19 poses a major risk to markets, but it is not the only potential source of volatility. Brexit amongst other factors, has the potential to trigger turmoil in financial and currency markets. The trustees are drawing down the value of the fund over the medium term and have accepted that investments can fluctuate in value. The portfolio which is held by Barclays is reviewed annually by the trustees with the policy adjusted to ensure sufficient funds are available to meet short term commitments.

Cash flow interest rate risk

The Association is exposed to cash flow interest rate risk from its long-term borrowings. Interest is chargeable at 1.05%- 2.62% over the Bank of England base rate. Should the base rate increase, higher interest charges will be partly offset by an increase in interest received from the Association's deposit account which is also linked to the base rate.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the directors on 3rd February 2022 and signed on its behalf by



E Crouch
Chair of Principal Executive Committee

British Dental Association

Strategic report for the year ended 30 September 2021

Business review

The group's net surplus before taxation for the year was £963,321 (2020 – deficit of £1,010,076).

Both the dental profession and its patients have been severely impacted by the effects of the pandemic. The BDA continued to be the authoritative source of information and guidance, steering members through the ongoing crisis and voicing patients' oral health concerns. Some revenue streams decreased owing to the constraints from national infection prevention and control measures, while demand increased for services. This demand generated growth in the higher tiers of membership. The first quarter also saw a continued increase in new members, as more dentists joined to access this specific support. However, the financial strain experienced by members became apparent in mid-2021, when many joiners from the previous year were unable to continue their support. Despite this, retention levels have generally been good as core membership base still value, rely on and use BDA services.

The BDJ Portfolio continued to be the Association's second largest income stream and a source of pride in terms of reach, quality and trust from members. The portfolio experienced significant disruption from the Covid-19 pandemic throughout the lockdowns of late 2020 and early 2021. However, advertising revenues recovered steadily throughout the year as confidence gradually returned to the market following the UK's successful vaccination programme, and the opening up of dentistry. The record levels of submissions to the Association's journals subsided from late 2020 onwards, though they remain at higher levels than before the pandemic.

The portfolio continued to benefit from Springer Nature's leadership position in scientific publishing, expanding its reach and influence via institutional agreements around the globe. The Association's journals are well placed to navigate the ongoing transition to open science, through the roll-out of Springer Nature's 'Transformative Agreements' which combine subscription and open access publishing options. In particular, the BDJ has benefitted from a new agreement covering the majority of the UK's universities and has itself committed to become a 'Transformative Journal', underlining its commitment to support and promote open access publishing.

The Association's indemnity insurance offer continued to grow, building on a solid base of members. During the year, the BDA introduced a bespoke insurance management system to streamline administration, insurance product sales and renewals, and case management. While the pandemic has challenged dental practice operationally, the BDA has not seen a significant increase in complaints or claims relating specifically to covid issues.

Alongside the insurers, RSA, and brokers Lloyd and Whyte, the BDA have introduced an extension to the policy offering up to two years of retroactive cover for members joining from claims-made policies. This provided reassurance for a number of members facing a potential gap in their indemnity cover.

During this financial year, two civil court claims raised the issue of non-delegable duty and vicarious liability for practice owners. The Association and its partners had anticipated this risk and built cover into their policy for practice owners, ahead of much of the market. There is still much to do to protect practice owners in this rapidly changing area of case law and the BDA are working with RSA to narrow these risks as far as possible.

The Government's long-awaited response to the recommendations made by the Paterson Inquiry in February 2020 will now throw a spotlight on mutual discretionary cover which provides the majority of indemnity insurance for dentists in the UK. The Association has always felt that the model that best protects dentists is occurrence based contractual cover and it will continue to advocate for this type of regulated policy in the coming years as this debate unfolds.

British Dental Association

Strategic report for the year ended 30 September 2021 (*continued*)

Business review continued

Covid-19 has brought unprecedented challenges to defined benefit pension schemes. Market volatility has impacted the funding position of some schemes, creating uncertainty for both asset and liability projections and fluctuating cash demands. As a result, last year saw a significant rise in the scheme's deficit with some recovery over the last twelve months, alongside a rise in the value of corporate bonds placing a lower value on the liabilities. During the year, the Association discussed the possibility of the fund taking a security over 64 Wimpole Street in order to strengthen the employer covenant, with agreement being reached in November. The Association will continue to work alongside the fund's trustees to effectively balance its responsibilities, as employer and sole funder of the scheme, and its responsibilities to its members and other stakeholders as a going concern.

The ongoing pandemic continued to be challenging for face-to-face events this year, however, a centrally organised weekly webinar series is now firmly established as a key member benefit. Members have free access to these hour-long live (and on-demand) lectures which cover clinical, business, core CPD, personal development and wellbeing topics. In addition, some seminars and training events have been re-designed for virtual delivery with fees charged for all to access. Formats vary but typically involve a series of live lectures or lecture recordings, or a live and interactive, small-group workshop session delivered via Zoom. The uptake for virtual events has been encouraging and feedback from members very positive - this year 20 virtual events were run and a total of 1,322 delegates attended. From May 2021, as social distancing restrictions lifted, some small face-to-face events were cautiously reintroduced. The Local Services Team have continued to provide event support across the Association's branches and sections network, facilitating multiple webinars each week with topics and speakers arranged by local volunteers.

Alongside comprehensive updates to the Association's flagship DCP courses and examinations, several new courses were launched in support of other BDA offerings. Next year, focus will shift to the integration of the Learning Management System, Totara, with the new BDA website. Alongside this critically important project, the BDA will continue to develop its e-learning resources to support our Good Practice and Compliance activities.

Financial performance this year has been encouraging given the ongoing restrictions and economic uncertainty. Next year, the Association faces familiar challenges, the need to support members, invest in services and replenish reserves. The BDA looks forward to 2021/22 but understands this will be achieved through financial discipline rather than expecting income to return to pre-pandemic levels. The Association will continue to demonstrate value to existing and potential members as the profession emerges from the pandemic.

British Dental Association

Strategic report for the year ended 30 September 2021 (*continued*)

Key performance indicators

The BDA's main KPI is its membership. At the end of the financial year, total membership stood at 17,405, consisting of 15,391 dentist members and 1,269 students. The introduction of BDA Indemnity has also influenced the change in membership profile, with many dentists upgrading their membership to access the full range of Association services. The closure of dental schools and the absence of dental school visits has had a negative effect on student numbers.

Going Concern

The ongoing impact of the coronavirus pandemic has continued to cause a significant deterioration in economic conditions for many businesses, and an increase in economic uncertainty for others. The directors of the Association have considered the potential impact of Covid-19 on its business operations and the extent to which cashflow will be affected. Although some areas of the business have been impacted more than others, the Association has adapted to the new demands placed upon it.

It is no surprise that these unforeseen circumstances have negatively impacted the Association's reserves position. Although the Association continues to operate comfortably our focus will be to replenish them, setting aside a balance to stabilise finances and provide a cushion against unexpected events. An encouraging performance in the 2020/21 financial year is the first step in the Association's recovery.

The directors have also assessed the impact of the financial budgets in place for 2021/22 and beyond, paying attention to changes in demand in the short-to-medium term.

The directors have taken comfort from several factors in what has been a difficult few years for the dental industry. Overall, dentist membership remains stable with more members moving to Extra and Expert grades in order to access the full range of services, enhancing its main income stream. The Association's indemnity product continues to grow incrementally, with policyholders increasing their clinical hours post lockdown. The BDA's journal portfolio is on track for recovery, with both classified and display advertising revenues recovering as the economy opened up.

The directors have carried out cashflow projections for next three years to examine and evaluate the impacts of the current economic climate on its activity streams, and in turn, on cashflow. The assumptions incorporated in the cashflow forecast have been updated to ensure it is fit for purpose. The directors appreciate the current economic uncertainty and the possible impacts to business operations. Forecasts have been prepared with a high degree of caution. Despite a reduction in cash during the year, overall cash positions remain positive, with the lowest point at 1.2 million towards the end of the Association's membership year. With over 48% of membership renewals taking place in June and July, the Association's cash position is strengthened due to advances made by members during this period. In addition, the Association receives two advances (based on forecast) from Springer Nature who manage the BDJ Portfolio. The portfolio is the BDA's second biggest income stream, so the advance payments not only improve cashflow but create a predictive revenue stream which aids planning. When applying sensitivities on membership numbers, even with a 10% reduction in membership renewals throughout the year, the cash position reduces by £700,000. Savings are possible, both as a short-term mitigation against a failure to achieve forecast performance, and as a longer-term corrective if recovery is slow in the dental economy. The directors will monitor the situation carefully.

In addition, the business interruption loans of £1.5m (and a term of six years) was not used during 2020/21. It will underpin the Association's financial recovery and investment in a range of services including the development of the Association's website.

In the opinion of the directors, the Association has enough resources to meet its obligations for the foreseeable future and therefore, the accounts have been prepared on a going concern basis.

British Dental Association

Strategic Report for the year ended 30 September 2021(*continued*)

Principal risks and uncertainties

Post- pandemic economic recovery will be far from straightforward, and much will depend on the Government's attitude to recovery as against debt. To date the impact of the pandemic on dentistry seems to have merited little concern or reaction from government. With little indication that this attitude will improve the Association will enter the new year with a degree of caution.

Although revenues are stable, assessing the future in such conditions is difficult. The Association will monitor and when appropriate revisit forecasts and strategic goals. The Association will continue adhere to its core principles, serving members, supporting dental teams and representing dentist and patient interests across all four nations.

Over the past two years, business uncertainty has been lifted to unprecedented levels. No organisation will ever be able to fully prepare for events of the magnitude to Covid-19. However, it is important that the Association positions itself to emerge in a stronger, competitive position, when growth returns. The BDA will therefore focus on building its reserves, providing a cushion against unexpected events as well as investing in its services and resources. The recent bank loan presents an opportunity for the organisation to do this, however, the BDA must strike a balance between maintaining financial discipline and investing to thrive in the current market.

Approval

The Strategic report was approved by the directors on 3rd February 2022 and signed on its behalf by



E Crouch
Chair of Principal Executive Committee

British Dental Association

Directors' responsibilities statement for the year ended 30 September 2021

The directors are responsible for preparing the report of the directors, the strategic report and 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 elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the surplus or deficit of the group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 group 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

British Dental Association

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRITISH DENTAL ASSOCIATION

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2021 and of the Group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of British Dental Association ("the Parent Company") and its subsidiary ("the Group") for the year ended 30 September 2021 which comprise the consolidated statement of comprehensive income, the consolidated and association statements of changes in reserves, the consolidated and association balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

British Dental Association

Independent auditor's report (*continued*)

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

British Dental Association

Independent auditor's report (*continued*)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the UK Companies Act and the Trade Union and Labour Relations (Consolidation) Act 1992. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. In addition the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: relevant tax legislation, Data Protection Act 2018 and the Bribery Act 2010. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading minutes of meeting of those charged with governance and reviewing correspondence with HMRC;
- reviewing on a sample basis income transactions recognised in the year to confirm existence and accuracy of the underlying transaction, and for all material income streams performed specific cut-off procedures to ensure income has been recognised in the correct period;
- challenging assumptions made by management in their significant accounting estimates in particular in relation to income recognition and the Company's participation in the Group's defined benefit pension scheme; and
- in addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

British Dental Association

Independent auditor's report (*continued*)

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.

DocuSigned by:



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Gareth M Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 01 March 2022

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

British Dental Association

Consolidated statement of comprehensive income for the year ended 30 September 2021

	Note	2021 £	2020 £
Income	4	15,529,151	14,878,591
Cost of sales	4	(2,947,411)	(3,273,545)
Net income	4	12,581,740	11,605,046
Meeting and sessional costs		(435,132)	(556,032)
Staff costs and overheads		(10,904,520)	(11,442,741)
Branch expenditure		(116,792)	(276,611)
Surplus on disposal of investments		-	-
Movement from changes in fair value of investments		132,022	(92,139)
Operating surplus/(deficit)	7	1,257,318	(762,477)
Interest receivable		5,849	7,633
Investment income		32,620	27,955
Interest payable and similar charges	8	(11,165)	(11,187)
Other finance charges	9	(321,300)	(272,000)
Surplus/(deficit) before taxation		963,322	(1,010,076)
Taxation on surplus/(deficit)	10	-	(3,710)
Surplus/(deficit) for the year		963,322	(1,013,786)
Actuarial profit/(loss) on pension scheme		1,431,300	(1,888,000)
Total comprehensive income for the year		2,394,622	(2,901,786)

All amounts relate to continuing activities.

The notes on pages 22 to 42 form part of these financial statements.

British Dental Association

Consolidated statement of changes in reserves

Year ended 30 September 2021	Note	Income and expenditure account £	Restricted funds £	Total equity £
1 October 2020		(2,243,965)	508,563	(1,735,402)
Comprehensive income for the year		928,329	34,993	963,322
Actuarial gain on pension scheme	20	1,431,300	-	1,431,300
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		2,359,629	34,993	2,394,622
		<hr/>	<hr/>	<hr/>
30 September 2021		115,664	543,556	659,220
		<hr/>	<hr/>	<hr/>
Year ended 30 September 2020	Note	Income and Expenditure Account £	Restricted funds £	Total equity £
1 October 2019		423,346	743,038	1,166,384
Comprehensive loss for the year		(779,311)	(234,475)	(1,013,786)
Actuarial loss on pension scheme	20	(1,888,000)	-	(1,888,000)
		<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year		(2,667,311)	(234,475)	(2,901,786)
		<hr/>	<hr/>	<hr/>
30 September 2020		(2,243,965)	508,563	(1,735,402)
		<hr/>	<hr/>	<hr/>

The notes on pages 22 to 42 form part of these financial statements.

British Dental Association

Association statement of changes in reserves

Year ended 30 September 2021	Note	Income and expenditure account £	Restricted funds £	Total equity £
1 October 2020		(3,160,162)	-	(3,160,162)
Comprehensive income for the year		1,185,864	-	1,185,864
Actuarial gain on pension scheme	20	1,431,300	-	1,431,300
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		2,617,164	-	2,617,164
		<hr/>	<hr/>	<hr/>
30 September 2021		(542,998)	-	(542,998)
		<hr/>	<hr/>	<hr/>
Year ended 30 September 2020	Note	Income and expenditure account £	Restricted funds £	Total equity £
1 October 2019		(1,003,669)	-	(1,003,669)
Comprehensive loss for the year		(268,493)	-	(268,493)
Actuarial loss on pension scheme	20	(1,888,000)	-	(1,888,000)
		<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year		(2,156,493)	-	(2,156,493)
		<hr/>	<hr/>	<hr/>
30 September 2020		(3,160,162)	-	(3,160,162)
		<hr/>	<hr/>	<hr/>

The notes on pages 22 to 42 form part of these financial statements.

British Dental Association

Consolidated balance sheet at 30 September 2021

<i>Company number 14161</i>	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	11		3,067,481		3,291,343
Investments	12		1,024,639		892,617
			<u>4,092,120</u>		<u>4,183,960</u>
Current assets					
Stocks	13	14,282		40,241	
Debtors	14	613,287		574,197	
Cash and cash equivalents		5,521,326		5,098,191	
		<u>6,148,895</u>		<u>5,712,629</u>	
Creditors: amounts falling due within one year	15	(4,547,503)		(4,797,915)	
		<u>1,601,392</u>		<u>914,714</u>	
Net current assets			1,601,392		914,714
Total assets less current liabilities			5,693,512		5,098,674
Creditors: amounts falling due after more than one year	16		(1,855,084)		(2,086,259)
Net pension liability	20		(3,179,208)		(4,747,817)
			<u>659,220</u>		<u>(1,735,402)</u>
Net assets/(liabilities)			659,220		(1,735,402)
Reserves					
Income and expenditure account			115,664		(2,243,965)
Restricted funds			543,556		508,563
			<u>659,220</u>		<u>(1,735,402)</u>

Included in restricted funds is an amount of £132,022 (2020 – (£165,847)) relating to unrealised gains on the revaluation of fixed asset investments.

The financial statements were approved by the directors and authorised for issue on 3rd February 2022



E Crouch
Chair, Principal Executive Committee

The notes on pages 22 to 42 form part of these financial statements.

British Dental Association

Association balance sheet at 30 September 2021

<i>Company number 14161</i>	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	11		2,992,101		3,216,795
Current assets					
Stocks	13	14,282		40,241	
Debtors	14	1,601,608		1,252,118	
Cash and cash equivalents		4,428,806		3,960,675	
		6,044,696		5,253,034	
Creditors: amounts falling due within one year	15	(4,545,503)		(4,795,915)	
Net current assets			1,499,193		457,119
Total assets less current liabilities			4,491,294		3,673,914
Creditors: amounts falling due after more than one year	16		(1,855,084)		(2,086,259)
Net pension liability	20		(3,179,208)		(4,747,817)
Net liabilities			(542,998)		(3,160,162)
Reserves					
Income and expenditure account			(542,998)		(3,160,162)
			(542,998)		(3,160,162)

The financial statements were approved by the directors and authorised for issue on 3rd February 2022



E Crouch
Chair, Principal Executive Committee

The notes on pages 22 to 42 form part of these financial statements.

British Dental Association

Consolidated statement of cash flows for the year ended 30 September 2021

	Note	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities	19		572,552		(638,581)
Cash flows from investing activities					
Interest received		5,849		7,633	
Purchase of tangible fixed assets		(127,811)		(10,356)	
Purchase of investments		-		-	
Sale of investments		-		-	
Investment income		32,620		27,955	
Net cash (used in)/from investing activities			(89,342)		25,232
Cash flow from financing activities					
Interest paid		(11,165)		(11,187)	
New bank loans		-		1,500,000	
Repayment of bank loan		(48,910)		(112,630)	
Net cash (used in)/from financing activities			(60,075)		1,376,183
Increase in cash and cash equivalents			423,135		762,834
Cash and cash equivalents at beginning of the year			5,098,191		4,335,357
			5,521,326		5,098,191
Cash and cash equivalents comprise:					
Cash at bank and in hand			5,521,326		5,098,191
Net debt reconciliation		1 October 2020	Cash Flows	Other Non-cash changes	30 September 2021
		£	£	£	£
Cash and cash equivalents		5,098,191	423,135	-	5,521,326
Bank and other loans		(2,166,302)	48,910	-	(2,117,392)
At 30 September 2021		2,931,889	472,045	-	3,403,934

The notes on pages 22 to 42 form part of these financial statements.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021

1 Accounting policies

The British Dental Association is an Association incorporated in England & Wales under the Companies Act. The address of the registered office is given on the Directors and professional advisors page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent Association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the parent Association;
- disclosures in respect of related party transactions with the wholly owned members of the group headed by the parent Association;
- disclosures in respect of the parent Association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent Association as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Consolidated financial statements

The British Dental Association Trust Fund is an incorporated charity which is limited by guarantee with a year end of 30 September. It is largely funded by the British Dental Association and is considered to be under common control. As a result the Directors of British Dental Association are of the opinion that in accordance with section 9.4 of FRS 102 the Trust should be considered to be a subsidiary of the British Dental Association.

The consolidated accounts of the group incorporate the accounts of the BDA and its subsidiary undertaking, the British Dental Association Trust Fund, which is a registered charity. The results of the charity are consolidated on a line by line basis within the consolidated income and expenditure account using those categories that best reflect the activities of the charity. Separate financial statements for The Trust are available from its registered office and the Charity Commission and present a separate Statement of Financial Activities ('SOFA') for the charity and other disclosures as set out by Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities (FRS 102).

Going concern

The ongoing impact of the coronavirus pandemic has continued to cause a significant deterioration in economic conditions for many businesses, and an increase in economic uncertainty for others. The directors of the Association have considered the potential impact of Covid-19 on its business operations and the extent to which cashflow will be affected. Although some areas of the business have been impacted more than others, the Association has adapted to the new demands placed upon it.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

1 Accounting policies (*continued*)

Going concern (continued)

It is no surprise that these unforeseen circumstances have negatively impacted the Association's reserves position. Although the Association continues to operate comfortably our focus will be to replenish them, setting aside a balance to stabilise finances and provide a cushion against unexpected events. An encouraging performance in the 2020/21 financial year is the first step in the Association's recovery.

The directors have also assessed the impact of the financial budgets in place for 2021/22 and beyond, paying attention to changes in demand in the short-to-medium term.

The directors have taken comfort from several factors in what has been a difficult few years for the dental industry. Overall, dentist membership remains stable with more members moving to Extra and Expert grades in order to access the full range of services, enhancing its main income stream. The Association's indemnity product continues to grow incrementally, with policyholders increasing their clinical hours post lockdown. The BDA's journal portfolio is on track for recovery, with both classified and display advertising revenues recovering as the economy opened up.

The directors have carried out cashflow projections for next three years to examine and evaluate the impacts of the current economic climate on its activity streams, and in turn, on cashflow. The assumptions incorporated in the cashflow forecast have been updated to ensure it is fit for purpose. The directors appreciate the current economic uncertainty and the possible impacts to business operations. Forecasts have been prepared with a high degree of caution. Despite a reduction in cash during the year, overall cash positions remain positive, with the lowest point at 1.2 million towards the end of the Association's membership year. With over 48% of membership renewals taking place in June and July, the Association's cash position is strengthened due to advances made by members during this period. In addition, the Association receives two advances (based on forecast) from Springer Nature who manage the BDJ Portfolio. The portfolio is the BDA's second biggest income stream, so the advance payments not only improve cashflow but create a predictive revenue stream which aids planning. When applying sensitivities on membership numbers, even with a 10% reduction in membership renewals throughout the year, the cash position reduces by £700,000. Savings are possible, both as a short-term mitigation against a failure to achieve forecast performance, and as a longer-term corrective if recovery is slow in the dental economy. The directors will monitor the situation carefully.

In addition, the business interruption loans of £1.5m (and a term of six years) was not used during 2020/21. It will underpin the Association's financial recovery and investment in a range of services including the development of the Association's website.

In the opinion of the directors, the Association has enough resources to meet its obligations for the foreseeable future and therefore, the accounts have been prepared on a going concern basis.

Income

Income represents membership subscriptions, publications, training, accreditation, conferences and sales of books and products. Sales to outside customers are at invoiced amounts less value added tax.

All income is accounted for when receivable subject to the deferral of subscriptions received in advance. Subscriptions received in advance is recognised over the period of membership.

BDA indemnity fee consists of two elements, RSA Professional Liability Insurance Premiums and also a BDA Advisory, Case Management and Indemnity Support subscription. Indemnity premiums collected on behalf of RSA are not recognised in the profit and loss. BDA Indemnity subscription fees received in advance are recognised over the period of the indemnity policy.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

1 Accounting policies (continued)

Income (continued)

Investment income, which is shown with its related tax credit, is accounted for in the period in which the Trust is entitled to receipt, any income not yet received is accrued. Realised and unrealised gains and losses on investments are included in the consolidated statement of comprehensive income.

Likewise, donations and library and museum income are accounted for when receivable.

Grants and awards

Grants payable are charged in the year in which all conditions attached to payment of the grant are fulfilled.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Tangible fixed asset

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Long leasehold buildings	-	Shorter of the remaining lease term and straight line over 50 years
IT Systems	-	straight line between 3 and 10 years
Fixtures and fittings	-	straight line between 4 and 5 years
BDA Indemnity	-	straight line between 3 and 7 years

Deferred taxation

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent timing differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

1 Accounting policies (*continued*)

Fixed assets - Heritage assets

The Association's subsidiary, the British Dental Association Trust Fund, maintains a collection of museum exhibits purchased or donated to the charity many years ago.

In accordance with Financial Reporting Standard 102, the Trust Fund's collection of museum exhibits and other major items are recorded on the balance sheet at deemed cost and as a result are not subject to subsequent revaluation.

Acquisitions are normally made by donation with occasional purchases. Donations are recorded at a current market valuation with reference, where possible, to commercial markets using recent transaction information from auctions. Recent purchases are recorded at cost.

Expenditure which in the Directors' view is required to preserve or prevent further deterioration of individual items, including preservation work, is recognised in the consolidated statement of comprehensive income when it is incurred.

Fixed asset investments

Fixed asset investments are stated at market value (based on bid market values) as at the balance sheet date.

Financial assets

Financial assets, other than investment, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated financial instrument.

Leased assets: Lessee

All leases agreements are treated as operating leases. Their annual rentals are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

1 Accounting policies (*continued*)

Pension costs

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group and Association balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Association is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Association are charged to the consolidated statement of comprehensive income or the consolidated statement of changes in reserves in accordance with FRS102.

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Other key sources of estimation uncertainty

Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The useful lives of the assets are assessed annually.

Investments (see notes 12)

The group's investment portfolio is managed by Barclays Wealth, a division of Barclays Bank plc. The most critical estimates, assumptions and judgements relate to the determination of carrying value of the investments. The listed investments are valued at the quoted bid price at the reporting date. Gains or losses upon sales of investment assets as well as unrealised movements due to changes in the carrying value of the investments are recognised in the statement of comprehensive income.

Income Recognition

Revenue should be recognised when delivery has occurred or when services have been rendered. This means subscriptions paid in advance must be recognised over the duration of the membership period on a straight line basis. Given the Association operates a rolling membership year with members offered several payment options, an element of uncertainty exists in relation to the profiling of subscription income. Internal financial controls have been set up not only to prevent the loss of income but to gain assurance that income is recognised in the correct period. A detailed analytical review is performed on a monthly basis to ensure the data entered on the Association's CRM database reconciles with the financial ledger.

Pension scheme deficit

The fall in the scheme's FRS 102 deficit over the year is a combination of several factors. In particular, assets performing better than anticipated which has reduced the deficit by £1,907,000. In addition, the rise in corporate bonds over the period has led to a higher discount rate, which in turn places a lower value on the liabilities.

Although FRS 102 can be viewed as being fairly prescriptive about the principles to be used, there are still a number of assumptions that could be considered acceptable under the standard. Even small alterations, for example to the discount rate, can have a significant effect of the results.

Journal Portfolio

Changes in the accounting and reporting arrangements for the BDJ portfolio has meant that only headline figures are available. Whilst there may be some uncertainty in the reports as both organisations marry forecast to actual performance, prudent figures have been incorporated in the accounts. Finalised figures will be available during the course of 2022.

3 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2021 (continued)

4 Net income	2021 Income £	2021 Costs £	2021 Net £	2020 Income £	2020 Costs £	2020 Net £
Subscriptions	9,824,201	-	9,824,201	9,467,060	-	9,467,060
Commercial activity	5,543,169	(2,947,411)	2,595,758	5,360,315	(3,273,545)	2,086,770
Charitable activities	1,785	-	1,785	5,834	-	5,834
Other Income	159,996	-	159,996	45,382	-	45,382
	<u>15,529,151</u>	<u>(2,947,411)</u>	<u>12,581,740</u>	<u>14,878,591</u>	<u>(3,273,545)</u>	<u>11,605,046</u>

5 Employees	2021 £	2020 £
Staff costs consist of:		
Wages and salaries	6,705,539	6,668,361
Social security costs	707,800	673,781
Other pension costs	949,731	959,835
	<u>8,363,070</u>	<u>8,301,977</u>

The total value of termination benefits paid during the year was £45,187 (2020 - £74,964).

The average number of employees (excluding members of the Principal Executive Committee) during the year was as follows:

	2021 Number	2020 Number
Senior management team	3	3
Member services directorate	86	88
Business services directorate	52	55
	<u>141</u>	<u>146</u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

5 Employees (continued)

All staff costs are initially borne by the Association with an annual recharge made to the Trust Fund to reflect the cost associated with its activities. Those costs solely in relation to the Association are:

Staff costs consist of:	2021 £	2020 £
Wages and salaries	6,488,204	6,460,566
Social security costs	684,141	651,427
Other pension costs	911,187	922,441
	<u>8,083,532</u>	<u>8,034,434</u>

The key management personnel of the parent association and the subsidiary charity comprise the Senior Management Team. The Senior Management Team comprises Chief Executive, Acting Chief Operating Officer and Associate Director of Advisory Services.

The total employee benefits of the key management personnel during the year was £384,888 (2020 - £360,988).

The average number of staff paid during the year (salary and taxable benefits excluding pension contributions) was as follows:

Salary range	2021 Number	2020 Number
£60,001 - £70,000	14	11
£70,001 - £80,000	3	2
£80,001 - £90,000	1	3
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	1
	<u>22</u>	<u>19</u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

6 Directors

	2021	2020
Directors' remuneration consists of:	£	£
Stipend payments	323,077	322,500

There were no (2020 - Nil) directors in the company who were considered to be salaried, full-time executive directors during the year.

There were no (2020 - Nil) directors in the company's defined benefit pension scheme during the year.

The Association remunerates elected members who work in general practice for attendance at BDA meetings. A monthly stipend is paid to those Directors elected to the Principal Executive Committee.

Elected members not attending Principal Executive Committee are paid on a sessional basis as a compensation for income foregone as a result of attendance.

In 2021 remuneration totalled £323,077 (2020 - £322,500).

The total amount payable to the highest paid director in respect of emoluments was £75,000 (2020 - £73,615).

Remuneration to non-executive directors

	2021	2020
	£	£
Michael Armstrong	15,000	73,615
Paul Blaylock	15,000	15,000
Mark Bishop (resigned 31 December 2020)	3,750	15,000
Victor Chan	15,000	15,000
Edward Crouch	75,000	38,365
Peter Crooks	37,500	15,519
Laura Cross	15,000	11,250
Tim Harker	15,000	15,000
Shareena Ilyas	37,500	8,019
Nigel Jones	15,000	15,000
Anthony Kilcoyne (appointed 1 January 2021, resigned 9 April 2021)	4,154	11,250
Alison Lockyer	15,000	36,982
Jason Stokes	15,000	15,000
Paul Woodhouse	15,000	15,000
John Edwards	15,000	15,000
Lauren Harray (appointed 27 November 2020)	12,615	-
Chris Morris (appointed 7 August 2021)	2,558	-
Derek Harper (resigned 31 December 2019)	-	3,750
Rasikkumar Ladwa (resigned 31 December 2019)	-	3,750

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

7	Operating surplus/(deficit)	2021	2020
		£	£
	This has been arrived at after:		
	Depreciation	351,673	367,358
	Hire of other assets - operating leases	42,500	42,500
	Auditors' remuneration:		
	- audit services	21,516	30,768
	- non audit services (tax compliance)	4,961	5,730
		<hr/>	<hr/>
8	Interest payable and similar charges	2021	2020
		£	£
	Bank loans repayable in more than five years	11,165	11,187
		<hr/>	<hr/>
9	Other financial charges	2021	2020
		£	£
	Interest on pension scheme assets	(365,000)	(438,000)
	Expected return on pension scheme assets	249,000	218,000
	Interest on pension scheme liabilities	437,000	492,000
	Past service costs	300	-
		<hr/>	<hr/>
		321,300	272,000
		<hr/>	<hr/>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

10 Taxation on surplus/deficit

	2021 £	2020 £
<i>Current tax</i>		
UK corporation tax on surplus/deficit for the year	-	3,710

The tax assessed for the year is lower (2020 – higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2021 £	2020 £
Surplus/deficit on ordinary activities before tax	963,322	(1,010,076)
Surplus/deficit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	183,031	(191,914)
Effects of: Deficit not chargeable to corporation tax	(183,031)	188,204
Current tax charge for year	-	3,710

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2021 (*continued*)

11 Tangible assets

Consolidated	Long leasehold properties £	Office fixtures and fittings £	Heritage assets £	IT equipment £	BDA Indemnity £	Total £
<i>Cost or valuation</i>						
At 1 October 2020	4,550,605	670,751	60,000	1,914,514	525,988	7,721,858
Additions	-	8,653	-	119,158	-	127,811
Disposals	-	-	-	-	-	-
At 30 September 2021	4,550,605	679,404	60,000	2,033,672	525,988	7,849,669
<i>Accumulated depreciation</i>						
At 1 October 2020	1,829,811	653,330	-	1,733,101	214,273	4,430,515
On disposals	-	-	-	-	-	-
Charge for the year	91,012	9,996	-	89,960	160,705	351,673
At 30 September 2021	1,920,823	663,326	-	1,823,061	374,978	4,782,188
<i>Net book value</i>						
At 30 September 2021	2,629,782	16,078	60,000	210,611	151,010	3,067,481
At 30 September 2020	2,720,794	17,421	60,000	181,413	311,715	3,291,343

In accordance with Financial Reporting Standard 102, the Association's subsidiary's collection of museum exhibits and other major items are recorded on the balance sheet at cost. The majority of these items were purchased or donated to the charity many years ago and as a result in the view of the directors the historic cost of these assets is immaterial to the Association.

The exhibits were valued for insurance purposes at £559,450 by Lyon & Turnbull, 33 Broughton Place, Edinburgh, EH1 3RR in December 2008.

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2021 (*continued*)

11 Tangible assets (*continued*)

Association	Long leasehold properties £	Office fixtures and Fittings £	IT equipment £	BDA Indemnity £	Total £
<i>Cost or valuation</i>					
At 1 October 2020	4,550,605	239,278	1,914,512	525,988	7,230,383
Additions	-	-	119,158	-	119,158
Disposals	-	-	-	-	-
At 30 September 2021	4,550,605	239,278	2,033,670	525,988	7,349,541
<i>Accumulated depreciation</i>					
At 1 October 2020	1,829,811	236,404	1,733,101	214,272	4,013,588
Disposals	-	-	-	-	-
Charge for year	91,012	2,175	89,960	160,705	343,852
At 30 September 2021	1,920,823	238,579	1,823,061	374,977	4,357,440
<i>Net book value</i>					
At 30 September 2021	2,629,782	699	210,609	151,011	2,992,101
At 30 September 2020	2,720,794	2,874	181,411	311,716	3,216,795

12 Fixed asset investments

Consolidated	2021 £	2020 £
<i>Quoted investments</i>		
At 1 October	892,617	984,756
Additions	-	-
Disposals	-	-
Unrealised losses	-	(92,139)
Unrealised gains	132,022	-
At 30 September	1,024,639	892,617
Historic cost of investments	726,770	726,770

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2021 (continued)

13 Stock

	Group 2021 £	Group 2020 £	Association 2021 £	Association 2020 £
Goods held for resale	14,282	40,241	14,282	40,241

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

	Group 2021 £	Group 2020 £	Association 2021 £	Association 2020 £
Other debtors	143,578	27,531	130,269	2,556
BDA Benevolent Fund	14,540	17,447	14,540	17,447
Prepayments and accrued income	455,169	529,219	437,753	500,138
Amounts owed from BDA Trust Fund	-	-	1,019,046	731,977
	613,287	574,197	1,601,608	1,252,118

All amounts shown under debtors fall due for payment within one year.

15 Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Association 2021 £	Association 2020 £
Bank loan (secured - see note 16)	262,308	80,043	262,308	80,043
Trade creditors	167,564	211,790	167,564	211,790
Other creditors	930,687	1,291,400	930,687	1,291,400
Taxation and social security	193,967	215,356	193,967	215,356
Subscriptions paid in advance	2,423,297	2,523,399	2,423,297	2,523,399
Accruals and deferred income	569,680	475,927	567,680	473,927
	4,547,503	4,797,915	4,545,503	4,795,915

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

16 Creditors: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Association 2021 £	Association 2020 £
Bank loan (secured)	463,417	619,592	463,417	619,592
Business continuity loans	1,391,667	1,466,667	1,391,667	1,466,667
	1,855,084	2,086,259	1,855,084	2,086,259

The first bank loan, provided by National Westminster Bank is repayable over 20 years by 76 quarterly instalments from March 2005 to December 2024. Interest is chargeable at 1.05% over the Bank of England base rate.

The business continuity loans are repayable over/by 6 years from August 2021. Interest is chargeable at 2.62% over the Bank of England base rate. For the first 12 months, the annual interest rate is 0% and there are no repayments.

The bank loans are secured on the company's long leasehold building, and on all other assets of the Association. The net book value of the assets securitised against bank loan is £2,992,101.

Maturity of debt

	Group Bank and other loans 2021 £	Group Bank and other loans 2020 £	Association Bank and other loans 2021 £	Association Bank and other loans 2020 £
In less than one year	262,308	80,043	262,308	80,043
In more than one year but not more than two years	262,308	288,187	262,308	288,187
In more than two years but not more than five years	1,592,776	731,405	1,592,776	731,405
In more than five years	-	1,066,667	-	1,066,667
	1,855,084	2,086,259	1,855,084	2,086,259

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

17 Financial instruments

The Group's and Association's financial instruments may be analysed as follows:

	Group 2021 £	Group 2020 £
Financial assets		
Financial assets measured at fair value through statement of comprehensive income		
Financial assets that are debt instruments measured at amortised cost	5,717,976	5,222,184
Financial liabilities		
Financial liabilities measured at fair value through statement of comprehensive income		
Financial liabilities measured at amortised cost	3,545,093	3,947,838

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and accruals.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow and interest rate risk is included in the report of the directors.

18 Commitments under operating leases

As at 30 September 2021, the group had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2021 £	Other 2021 £	Land and buildings 2020 £	Other 2020 £
Operating leases which expire:				
Within one year	111,945	48,889	112,571	55,405
Between two and five years	252,725	171,918	254,540	93,499
Over five years	3,194,583	3,565	3,275,831	-
Total	3,559,253	224,372	3,642,942	148,904

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

19 Cash flows from operating activities

	2021 £	2020 £
Surplus/(deficit) before tax	963,322	(1,010,076)
Corporation tax	-	(3,710)
Depreciation – fixed assets	351,673	367,358
Decrease/(increase) in stock	25,959	(1,191)
(Increase)/decrease in debtors	(39,090)	111,655
Decrease in creditors	(432,677)	(110)
Pension scheme contributions paid in excess of pension charge	(137,309)	(170,245)
Interest receivable	(5,849)	(7,633)
Return on investments	(32,620)	(27,955)
Interest payable and similar charges	11,165	11,187
(Gain)/loss from changes in fair value of investments	(132,022)	92,139
	<hr/>	<hr/>
Net cash inflow/(outflow) from/used in operating activities	572,552	(638,581)
	<hr/> <hr/>	<hr/> <hr/>

20 Pensions

Defined benefit scheme

As of 30 September 2021, the Association operated a defined benefit scheme in the UK. The scheme remains open only for future accrual and all eligible staff have been offered membership of a new defined contribution scheme.

The pension is funded with the assets being held by the scheme, which are separate to the assets of the Association. The pension costs are determined in accordance with the advice of a professional qualified actuary, Barnett Waddingham LLP.

A further comprehensive actuarial valuation was undertaken as at 31 March 2021, the results of which are finalised. To date no payments have been missed or payment holiday agreed.

Discussions regarding the new recovery plan are now complete. As such, the Association will pay £38,911.58 per month, increasing annually at 3.70% on and from April.

Under FRS 102, the scheme's liabilities are determined by projecting the expected benefit payments using the chosen assumptions and then discounting the resulting cashflows back to the review date. For this purpose, the scheme's liabilities have been calculated by updating the valuation calculations carried out for the formal funding valuation as at 31 March 2021.

At the review date there was a deficit of £3,182,000. This compares to a deficit of £4,750,000 at the previous review date. The main reasons for the change in deficit over the period are summarised below:

- The assets performed better than anticipated over the period and this reduced the deficit by £1,907,000.
- A rise in corporate bonds over the accounting period has led to a higher discount rate, which in turn places a lower value on the liabilities. This was offset to some extent by the higher inflation assumptions, but the overall impact of the change in financial assumptions increased the deficit by approximately £834,000.

Although FRS 102 can be viewed as being fairly prescriptive about the principles to be used when selecting assumptions there is still a range of assumptions that could be considered acceptable under the standard. Even small alterations, for example to the discount rate, can have a significant effect of the results.

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2021 (*continued*)

20 Pensions (*continued*)

Amounts recognised in the balance sheet

	2021 £'000	2020 £'000
Fair value of plan assets	25,664	23,753
Present value of plan liabilities	(28,845)	(28,503)
	<hr/>	<hr/>
Scheme deficit	(3,181)	(4,750)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of defined benefit obligation

	2021 £'000	2020 £'000
Defined benefit obligation at the beginning of the period	28,503	26,924
Interest cost	437	492
Benefits paid	(571)	(669)
Past service costs	-	-
Actuarial (gain)	476	1,756
	<hr/>	<hr/>
Defined benefit obligation at the end of the period	28,845	28,503
	<hr/> <hr/>	<hr/> <hr/>
Fair value of assets at the beginning of the period	23,753	23,892
Expected return on assets (before any restriction)	365	438
Employer contributions	459	442
Benefits paid	(571)	(669)
Administration costs	(249)	(218)
Actuarial gain/(loss) on assets	1,907	(132)
	<hr/>	<hr/>
Fair value of assets at the end of the period	25,664	23,753
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British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2021 (*continued*)

20 Pensions (*continued*)

	2021 £'000	2020 £'000
<i>Amounts recognised in the consolidated income statement are as follows:</i>		
<i>Included in staff costs and overheads:</i>		
Current service cost	-	-
Past service cost	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<i>Amounts included in other finance costs</i>		
Net interest cost	321	272
	<hr/>	<hr/>
<i>Analysis of actuarial profit/ loss recognised in other comprehensive income</i>		
Return on plan assets less interest	(1,907)	132
Experience gains and arising on the scheme liabilities	(114)	(197)
Changes in assumptions underlying the present value of the scheme liabilities	590	1,953
	<hr/>	<hr/>
	(1,431)	1,888
	<hr/>	<hr/>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

20 Pensions (*continued*)

The major assumptions at 30 September 2021 as used by the actuary were:

	30 September 2021	30 September 2020
Discount rate	1.95% p.a.	1.55% p.a.
Inflation assumption (RPI)	3.65% p.a.	3.10% p.a.
Inflation assumption (CPI)	2.65% p.a.	2.30% p.a.
Pension increases in payment (RPI)	3.10% p.a.	3.10% p.a.
Salary increases	3.85% p.a.	3.30% p.a.
Pension increases in deferment	CPI (except for those members who retain a salary-linked pension)	CPI (except for those members who retain a salary-linked pension)
Post-retirement mortality table	Males – 110% of S3NMa Females – 90% of S3 NFA	Males - 110% of S3NMa Females - 90% of S3 NFA
Post retirement mortality projection	CMI 2020 with a 1.25% pa long term rate of improvement	CMI 2020 with a 1.25% pa long term rate of improvement
Tax free cash	Members are assumed to take the maximum Tax free cash possible	Members are assumed to take the maximum tax free cash possible

Under the mortality tables and projections adopted, the assumed future life expectancy at age 60 is as follows:

	30 September 2021 (years)	30 September 2020 (years)	30 September 2019 (years)
Male currently aged 40	29.0	29.3	29.6
Female currently aged 40	27.7	27.9	31.5
Male currently aged 60	32.0	32.1	28.2
Female currently aged 60	30.6	30.7	30.0

Net pension assets

The major categories of assets as a proportion of total assets are as follows:

Asset category	30 September 2021	30 September 2020	30 September 2019
Equities	62%	57%	57%
Bonds	18%	20%	20%
Gilts	19%	22%	22%
Cash	1%	1%	1%

The assets do not include any investment in the BDA.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

21 Financial information for the British Dental Association

In accordance with the Companies Act 2006 the Association is exempt from the requirement to prepare a separate income and expenditure account. However in order to aid the users of the financial statements the following information has been disclosed:

	2021 £	2020 £
Income	15,527,366	14,872,757
Cost of sales	(2,947,411)	(3,273,545)
	<hr/>	<hr/>
Net income	12,579,955	11,599,212
Meeting and sessional costs	(435,132)	(556,032)
Staff costs and overheads	(10,045,544)	(10,533,781)
Branch expenditure	(116,792)	(276,611)
Donations	(470,000)	(222,000)
	<hr/>	<hr/>
Operating surplus	1,512,487	10,788
Interest receivable	5,842	7,616
Interest payable and similar charges	(11,165)	(11,187)
Movement on disposal of fixed asset	-	-
Other finance charges	(321,300)	(272,000)
	<hr/>	<hr/>
Surplus/(deficit) on ordinary activities before taxation	1,185,864	(264,783)
Taxation on surplus/(deficit) from ordinary activities	-	(3,710)
	<hr/>	<hr/>
Surplus/(deficit) on ordinary activities after taxation	1,185,864	(268,493)
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22 Related party disclosures

There is no ultimate controlling party of the British Dental Association.

In preparing the financial statements of the parent Association, advantage has been taken of the disclosure exemption available in FRS 102 not to disclose related party transactions with the wholly owned members of the group headed by the parent Association.

There were no other related party transactions during the year.

23 Capital Commitments

As of 30 September 2021, the Association had contracted to develop a new website amounting to £321,000.