



**British Association of Occupational Therapists Limited**

**Annual Report of Council**

30 September 2010

## CONTENTS

Patron and Presidents	3
Members of Council	3 - 4
Advisers	5
Report of Council	6 - 8
Statement of Council's Responsibilities	9
Membership	10
Auditors' Report to the Members	11-12
Consolidated Income & Expenditure Account	13
Consolidated Balance Sheet	14
Parent Company Balance Sheet	15
Consolidated Cash Flow Statement	16
Notes to the Accounts	17-30
Trade Union Statement	31

**Patron**

HRH The Princess Royal, GCVO

**President**

The Baroness Greengross OBE

**Vice Presidents**

Professor Sir Clive Booth

Colin Ettinger

Dame Mary Glen Haig, DBE

Moya Willson

Professor Heinz Wolff, BSC FIBiol

**Chairman of Council**

Naomi Hankinson

**Vice Chairmen of Council**

Sara Blackbourn (retired June 2010)

Sara Forster (retired June 2010)

Colin Jones (appointed June 2010)

Patricia McClure (appointed 2010)

**Capacity**

**Council Member**

Chairman

Naomi Hankinson

Mental Health & Learning Disability

Mary Booth (retired June 2010)  
Kate Bones (appointed June 2010)

Physical Medicine & Disability

Sara Blackbourn

Community & Social Care Services

Natasha Cooper (retired June 2010)  
Carolyn Evans (appointed June 2010)

Independent Sector

Maggie Winchcombe (retired June 2010)  
Kirstie Dalrymple (appointed June 2010)

Higher/Further Education

Patricia McClure

Commissioner

Sally Reed

Service Manager

Helen McCloughry

**Capacity**

**Council Member**

Associate Member	Jackie Smith (resigned February 2010) Kenneth Green (appointed April 2010)
Industrial Relations	Mike Griffin
International – WFOT	Dr Alison Laver – Fawcett
International – COTEC	Kate Sheehan (retired June 2010) Christina Gericke (appointed June 2010)
Wales	Sara Forster (retired June 2010) Joanne Griffin (appointed June 2010)
Northern Ireland	Tracy Gibbs (resigned August 2010) Dr Greg Kelly (appointed September 2010)
Scotland	Shona McCulloch (retired June 2010) Jane Arroll (appointed June 2010)
England	Colin Jones
Professional Practice Board Chairman	Helen Lycett
Research & Development Board Chairman	Dr Lynne Goodacre
Membership & External Affairs Board Chairman	Cath Wright
Learning and Development Board Chairman	Helen Bradley

**Secretary**

**Registered Office**

Ms J Scott

106-114 Borough High Street  
Southwark  
London, SE1 1LB

**ADVISERS**

**Auditors** PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London EC1M 3AP

**Bankers** HSBC Bank Plc  
2 Craven Road  
Paddington  
London W2 3PY

**Solicitors** Beachcroft LLP  
100 Fetter Lane  
London EC4A 1BN

## REPORT OF COUNCIL

### Principal Activities of the Company

The principal activity of the British Association of Occupational Therapists ("BAOT") is that of a Professional Association in the field of rehabilitative medicine. BAOT aims to promote occupational therapy education and honourable practice; to repress malpractice; to provide facilities for the advancement of the science of occupational therapy by the widest possible distribution of information through meetings, discussions and debate; and to issue relevant papers and periodicals on occupational therapy. BAOT is a registered Trade Union.

### Review of Operations

Total income for the Group decreased by just under £400k to £8.3m. While membership subscriptions increased by £167k this was almost entirely offset by the reduction in investment income. In the meantime, income from charitable activities (mainly advertising) decreased by over £420k.

Expenditure for the Group increased in the year by approximately £1,150k to total £9.4m. All of this increase in costs was essentially attributable to the activities of the charitable subsidiary and the majority of the increase in expenditure over last year is the result of an exceptional item (£908k). This item relates to the building refurbishment and represents the write-off of the net book value of various building improvements and fixtures and fittings that were stripped-out and replaced as part of this project. The costs of the subsequent fit-out will be capitalised. The initial £300k of the fit-out was capitalised this year and the balance will be capitalised in next year's (2010/11) accounts and contribute an increase in the Group's net worth.

BAOT itself has recently agreed the basis for a new contract with UNISON for the continued provision of industrial services. The contract is due to commence in 2011 and, in the meantime, BAOT has continued to pay UNISON £1.6m per annum under the existing agreement. BAOT does not maintain a political fund.

After an allowance for realised gains, the Group reports a deficit for the year of £1.1m. The year also recorded substantial unrealised losses, particularly from the actuarial assessment of the pension scheme. As a consequence, the final result for the year for the Group was a deficit of £1.8m.

Despite this deficit for the year, the Group's balance sheet remains both strong (with an accumulated fund of £11.9m) and liquid (with total cash of £11.2m).

## **REPORT OF COUNCIL**

### **Plans for Future Periods**

The Group is now working to the aims and priorities of its strategic plan covering the years 2008 to 2013. In doing so, the Group strives to deliver outcomes that clearly benefit members, service users and carers.

The next few years will also see the process to change the existing economic model of the Group so that its core charitable activities are sustainable from its core income. A major imperative will be the emphasis on managing an increase to its income streams at the same time as controlling its costs. This change will necessitate a significant emphasis on membership subscriptions as well as an increased focus on the recruitment of new members. In particular, BAOT will need to concentrate on continuing to attract student members and then converting them to full membership upon graduation.

As identified earlier on, the Group had undertaken a major refurbishment of its HQ building and staff were able to return from temporary accommodation to the building in early 2011.

The Group will continue to implement the various elements of its IT strategy. As part of the refurbishment, the building now has interactive technology to allow for virtual meetings. A new Customer Relations Management database went live at the beginning of March 2011 and the Group is progressing the development of its revised Content Management System which will revitalise the website and facilitate online services. Finally, the Group will then review its IT support and maintenance arrangements.

The Group will build on the existing diversification of its treasury arrangements and seek to maximise the potential for income and growth from its investments.

### **Risk Management**

The Group incorporates the management of risk into its decision-making processes. Council has agreed that the Audit Committee undertakes the detailed task of identifying the major risks, assessing their likely impact and likelihood and then recommending proposals to mitigate these risks. The Committee consists of five members: two members of Council; one senior member of the profession who is not a member of Council; and two independent external members, one of whom has an audit background and the other with appropriate skills and expertise in governance functions.

## **REPORT OF COUNCIL**

Currently, there are eleven major risks that the Committee has identified and monitors regularly. Of these, the top three risks relate to the building refurbishment project, membership and sustainability. The Audit Committee reports to Council on risk management annually. Council has reviewed these reports and takes responsibility for ensuring that all appropriate measures are implemented as business priorities.

The Group does not actively use financial instruments as part of its financial risk management. The Group is exposed to the usual credit risk and cash flow risks associated with providing its goods and services and manages this risk through its internal control procedures.

### **Council of Management**

The business of the BAOT is managed by the Council and the members of Council do not receive remuneration. The present members of Council are shown on pages 3-4.

Each of the Council members has confirmed that so far as they are aware, there is no relevant audit information of which the BAOT's auditors are unaware, and that they have taken all the steps that they individually ought to have taken as a Council member in order to make themselves aware of any relevant audit information and to establish that the BAOT's auditors are aware of that information.

## STATEMENT OF COUNCIL'S RESPONSIBILITIES

Council is responsible for preparing the Report of Council and the financial statements in accordance with applicable law and regulations.

Company law requires Council to prepare financial statements for each financial year. Under that law, Council have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, Council 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 company and the Group and of the surplus or deficit of the company and the Group for that period. In preparing these financial statements Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the Group will continue in business.

Council is 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. It is 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.

Council is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

**106-114 Borough High Street  
London, SE1 1LB**

**BY ORDER OF COUNCIL  
Chairman - Naomi Hankinson  
6 April 2011**

**MEMBERSHIP**

<b>CATEGORY</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
HONORARY MEMBERS		<b>2</b>		<b>2</b>
PROFESSIONAL MEMBERS				
LIFE	<b>24</b>		26	
UK	<b>22,863</b>		22,312	
OVERSEAS	<b>466</b>		470	
	<hr/>	<b>23,353</b>	<hr/>	22,808
ASSOCIATE MEMBERS		<b>808</b>		907
RETIRED MEMBERS		<b>282</b>		263
STUDENT MEMBERS		<b>4,524</b>		4,954
<b>TOTAL MEMBERSHIP</b>		<hr/> <b>28,969</b>		<hr/> 28,934

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH ASSOCIATION OF OCCUPATIONAL THERAPISTS LIMITED**

We have audited the financial statements of British Association of Occupational Therapists Limited for the year ended 30 September 2010 which comprise the consolidated income and expenditure account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

### **Respective responsibilities of the Council and auditors**

As explained more fully in the Statement of Council's Responsibilities, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 September 2010 and of the Group's deficit 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.

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

In our opinion the information given in the Report of Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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.

**Charles Cox**  
Senior statutory auditor  
for and on behalf of PKF (UK) LLP,  
Statutory auditors  
London, UK

**CONSOLIDATED INCOME & EXPENDITURE ACCOUNT**  
*for the year ended 30 September 2010*

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
Membership subscriptions receivable	<b>6,082,567</b>	5,915,552
Income from charitable activities	<b>1,993,764</b>	2,416,242
Investment income	<b>129,036</b>	289,486
Other income	<b>110,972</b>	65,634
	<hr/>	<hr/>
<b>Total Income</b>	<b>8,316,339</b>	8,686,914
<b>EXPENDITURE</b>		
Cost of trade union subscriptions transferred to Unison	<b>1,557,900</b>	1,557,900
Cost of charitable activities	<b>7,572,916</b>	6,440,811
Investment management costs	<b>8,374</b>	8,010
Governance and Administration costs	<b>265,669</b>	249,547
	<hr/>	<hr/>
<b>Total Expenditure</b>	<b>9,404,859</b>	8,256,268
<b>Net (Deficit) / Surplus</b>	<b>(1,088,520)</b>	430,646
Realised gains / (losses) on investments	<b>35,436</b>	(60,140)
	<hr/>	<hr/>
<b>Net (Deficit)/Surplus after realised gains and losses</b>	<b>(1,053,084)</b>	370,506
<b>STATEMENT OF RECOGNISED GAINS AND LOSSES</b>		
Net (Deficit) / Surplus after realised gains and losses	<b>(1,053,084)</b>	370,506
Unrealised gains on investments	<b>134,878</b>	263,369
Actuarial losses - defined benefit scheme ( <i>Note 5</i> )	<b>(862,000)</b>	(1,186,000)
	<hr/>	<hr/>
<b>Total</b>	<b>(1,780,206)</b>	(552,125)

The income and expenditure for the year relates wholly to continuing activities. There are no recognised gains and losses for the financial year other than those in the above income and expenditure account.

**Company House Number: 392350**

**CONSOLIDATED BALANCE SHEET  
at 30 September 2010**

	<i>NOTE</i>	2010 £	2010 £	2009 £	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	<b>6</b>		1,195,451		1,894,182
Fixed asset investments	<b>8</b>		1,762,686		1,568,357
Cash held as investment			5,000,000		5,000,000
			<u>7,958,137</u>		<u>8,462,539</u>
<b>CURRENT ASSETS</b>					
Stock		-		-	
Debtors	<b>9</b>	398,928		449,836	
Cash at bank and in hand		6,233,336		6,522,926	
		<u>6,632,264</u>		<u>6,972,762</u>	
<b>Less Creditors:</b> amounts falling due within one year	<b>10</b>	<u>(959,851)</u>		<u>(611,545)</u>	
<b>Net current assets</b>			<b>5,672,413</b>		<b>6,361,217</b>
Pension scheme (liability)	<b>5</b>		<u>(1,690,000)</u>		<u>(1,103,000)</u>
<b>NET ASSETS</b>			<u><b>11,940,550</b></u>		<u><b>13,720,756</b></u>
<b>RESERVES</b>					
Accumulated Fund	<b>12</b>		<u><b>11,940,550</b></u>		<u><b>13,720,756</b></u>

**Approved by Council and authorised for issue on 6 April 2011**

**Naomi Hankinson - Chairman**

**Colin Jones – Vice-Chairman**

**Company House Number: 392350**

**PARENT COMPANY BALANCE SHEET**  
*at 30 September 2010*

	<i>NOTE</i>	2010 £	2010 £	2009 £	2009 £
<b>ASSETS EMPLOYED</b>					
Fixed Assets - Investments	7		3		3
<b>Current Assets</b>					
Debtors	9	-		127,711	
Cash at bank and in hand		266,458		135,620	
		<u>266,458</u>		<u>263,331</u>	
<b>Less Creditors:</b> amounts falling due within one year	10	<u>(266,461)</u>		<u>(263,334)</u>	
Net current liabilities			<u>(3)</u>		<u>(3)</u>
Total assets less current liabilities			<u>NIL</u>		<u>NIL</u>
<b>REPRESENTED BY RESERVES</b>					
Accumulated Fund			<u>NIL</u>		<u>NIL</u>

**Approved by Council and authorised for issue on 6 April 2011**

**Naomi Hankinson - Chairman**

**Colin Jones – Vice-Chairman**

**CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 30 September 2010**

<b>Reconciliation of net incoming resources to net cash flow from operating activities</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Net (deficit) / surplus</b>	<b>(1,088,520)</b>	430,646
Depreciation	<b>98,672</b>	110,507
(Increase) in pension fund <i>(Note 5)</i>	<b>(275,000)</b>	(75,000)
Disposal of assets	<b>907,667</b>	218
Decrease in stock	-	47,416
Decrease /(Increase) in debtors	<b>50,908</b>	(4,645)
Increase / (Decrease) in creditors	<b>348,306</b>	(216,504)
Investment income	<b>(129,036)</b>	(289,486)
	<hr/>	<hr/>
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(87,003)</b>	3,152
	<hr/>	<hr/>
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(87,003)</b>	3,152
Returns on investments and servicing of finance	<b>129,036</b>	289,486
Capital expenditure:		
Amounts paid to acquire investments	<b>(501,378)</b>	(656,382)
Amounts received on disposal of investments	<b>435,993</b>	294,694
Amounts paid to acquire tangible fixed assets	<b>(307,608)</b>	(8,609)
	<hr/>	<hr/>
<b>Decrease in cash before management of liquid resources</b>	<b>(330,960)</b>	(77,659)
Management of liquid resources <i>(Note 13)</i>	-	5,000,000
	<hr/>	<hr/>
<b>(Decrease) / Increase in cash in the year</b>	<b>(330,960)</b>	4,922,341
	<hr/>	<hr/>
<b>(Decrease) / Increase in cash in the year</b>	<b>(330,960)</b>	4,922,341
Cash outflow from liquid resources	-	(5,000,00)
	<hr/>	<hr/>
<b>Change in net funds</b>	<b>(330,960)</b>	(77,659)
	<hr/>	<hr/>
Net funds at 1 October	<b>11,571,245</b>	11,648,904
<b>Net funds at 30 September <i>(Note 13)</i></b>	<b>11,240,285</b>	11,571,245
	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### (a) *Format of Accounts*

The Council is of the opinion that the Income and Expenditure Account formats, as required by the Companies Act 2006, are not appropriate to the activities of BAOT. The formats have been adapted to provide more appropriate information of the Income and Expenditure relating to the year's activities.

#### (b) *Basis of Accounting*

The financial statements of the Group and the Company have been prepared on the going concern basis under the historical cost convention as modified by the valuation of fixed asset investments and in accordance with applicable Accounting Standards.

#### (c) *Basis of Consolidation*

The consolidated financial statements comprise the accounts of the British Association of Occupational Therapists Limited ("BAOT") and the College of Occupational Therapists Limited ("COT") which is consolidated on a line by line basis.

No separate Income and Expenditure Account has been presented for the parent company as permitted by section 408 of the Companies Act 2006.

#### (d) *Income*

All income is derived from activities within the United Kingdom and is accounted for on a receivable basis, with the exception of donations, which are accounted for when received. Of the total subscriptions received by BAOT, 27% (2009 28%) is retained to meet industrial relations and administration costs. The balance of 73% (2009 72%) is transferred to COT to support its professional, educational and administrative costs. BAOT holds cash balances on behalf of COT and Gift Aids all its taxable income to COT.

#### (e) *Expenditure*

The costs of the COT's charitable activities have been grouped under the main headings:

- Membership administration – the costs associated with collecting and administering membership subscriptions.
- Journals – includes all costs associated with communications with members, whether centrally or regionally or whether in hard copy or electronic format.

## NOTES TO THE ACCOUNTS

- Conferences and events – the costs that relate to the organisation, promotion and administration of events.
- Professional activities – encompasses all the costs associated with the areas of research and development, education and professional practice.

Direct expenditure is allocated to each of these categories of activity. Where expenditure cannot be directly allocated it represents support costs and is apportioned on a basis consistent with the use of resources – by reference to the number of whole-time members of staff.

Governance and Administration costs represent the costs associated with the governance arrangements of the charity including costs related to the strategic (as opposed to operational) management of COT's activities.

### **(f) Fixed Assets and Depreciation**

Fixed assets with a cost of £1,000 or greater are capitalised and are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset, when brought into use, on a straight line basis over its expected useful as follows:

Freehold Premises	- 2%	per annum on cost
Fixtures, Fittings and Equipment	- 20%	per annum on cost
IT Equipment	- 33.33%	per annum on cost

Freehold land is not depreciated.

### **(g) Stock**

Stock comprises publications and promotional goods and is valued at the lower of cost and net realisable value.

### **(h) Investments**

Investments are included in the balance sheet at market value and any unrealised gains or losses are included in the Income and Expenditure Account.

## NOTES TO THE ACCOUNTS

### (i) *Funds*

Restricted funds are those legacies and donations which are earmarked by the donor for use by COT on particular projects.

Unrestricted funds are available for use by COT to further its objects. Certain unrestricted funds are designated by the Council for particular purposes. These designated funds are for specific future purposes or projects including the funding of the existing defined benefit pension scheme.

Income and expenditure is directly allocated as it arises between these categories.

### (j) *Liquid resources*

Liquid resources are those current asset investments that can be readily disposed of for a known amount of cash.

### (k) *Pensions*

COT participates in a defined benefit scheme. Pension costs are assessed in accordance with actuarial advice and based on the most recent actuarial valuation of the scheme. The cost of providing pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the working lives of the employees.

### (l) *Recognition of Liabilities*

Resources expended are included in the Income and Expenditure Account on an accruals basis, inclusive of any VAT that cannot be recovered.

### (m) *Grants Payable*

COT does not pay grants from its own resources. However, it does administer a number of restricted funds which do make grants each year. These grants are charged in the year in which they are paid.

## 2. Net deficit

<b>Net deficit is stated after charging:</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
- Depreciation	98,672	110,507
- Loss on disposal of fixed assets	907,667	218
- Auditors remuneration		
- Auditors fees - parent	4,500	4,400
- COT	13,350	13,000
- VAT and other services	7,550	16,435

## NOTES TO THE ACCOUNTS

### 3. STAFF COSTS

BAOT employed no staff during the year but paid third parties for the services of the Chairman. The amount shown in the accounts for these services was a cost of £nil (2009 – cost of £9,995).

<b>COT Staff costs:</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Salaries	<b>2,533,255</b>	2,545,886
Social Security costs	<b>275,370</b>	276,519
Pension costs	<b>506,251</b>	370,676
Health costs	<b>48,455</b>	52,724
<b>Sub-total - cost of staff employed</b>	<b>3,363,331</b>	3,245,805
Temporary Staff	<b>88,044</b>	52,098
Recruitment	<b>36,403</b>	9,576
Training	<b>10,093</b>	18,847
Other Staff costs	<b>3,999</b>	2,839
<b>Total Staffing Costs</b>	<b>3,501,870</b>	3,329,165

The average monthly numbers employed in the year were as follows:

	<b>2010</b>	<b>2009</b>
	<b>number</b>	<b>number</b>
Charitable activities	<b>67</b>	69
Support activities	<b>6</b>	6
Governance	<b>3</b>	3
	<b>76</b>	78

The remuneration of the higher paid employees fell within the bands:

	<b>2010</b>	<b>2009</b>
	<b>number</b>	<b>number</b>
£60,001 - £70,000	<b>5</b>	6
£70,001 - £80,000	<b>1</b>	1

The higher paid employees are members of the COT's defined benefit pension scheme. The amount of employer contributions paid in the year for these individuals totalled £99,358 (2009: £96,178).

## NOTES TO THE ACCOUNTS

### 4. COUNCIL MEMBERS

No remuneration was paid directly to any member of Council. There was no payment in the year (2009 –£9,995) to third parties for making available the services of the Chairman to the Group. The costs for last year were included under both Intangible Income and Governance Costs.

All Council members can claim for travel, subsistence and other expenses. The total amount of expenses reimbursed to 24 Council members during the year was £10,949 (2009 – 28 Council members reimbursed £14,663).

COT paid £4,988 (2008 - £4,988) to provide Charity Trustee insurance cover for the Group.

### 5. PENSION COSTS

COT operates a defined benefit pension scheme for qualifying employees in the UK. A full actuarial valuation of the Scheme was carried out as at 31 March 2009 and has been updated to 30 September 2010 by a qualified independent actuary.

The main assumptions used for the purposes of FRS17 are (in nominal terms):

	<b>30/09/2010</b>	30/09/2009
Discount Rate	<b>5.0%</b>	5.5%
Salary increases	<b>3.8%</b>	3.9%
Pension increases in payment at the 5% LPI rate	<b>3.1%</b>	3.2%
RPI	<b>3.3%</b>	3.4%
Post retirement mortality assumption	<b>PxA92(b=yob)mc with 1% underpin</b>	PxA92(b=yob)mc

## NOTES TO THE ACCOUNTS

### 5. PENSION COSTS Cont'd

#### Expected Return on Assets

The assets of the scheme and the net expected long-term return on these assets are:

	At 30/09/2010		At 30/09/2009	
	Rate of return	Value £000's	Rate of return	Value £000's
Equities/Property	6.60%	4,422	6.80%	3,621
Bonds	4.30%	1,562	4.00%	1,216
Insured Annuity Contracts	5.00%	314	5.50%	317
Cash/ Other	4.00%	26	4.00%	20
<b>Total Fair Value of Assets</b>	<b>5.94%</b>	<b>6,324</b>	<b>6.05%</b>	<b>5,174</b>

#### Reconciliation of the Present Value of Scheme Liabilities and Fair Value of Assets to the Asset and Liability Recognised in the Balance Sheet

	30/09/2010 £000's	30/09/2009 £000's
Fair Value of Assets	6,324	5,174
Value of Liabilities (defined benefit obligation)	8,014	6,277
<b>Recognised Pension Liability</b>	<b>(1,690)</b>	<b>(1,103)</b>

#### Total Expense Recognised in the Income and Expenditure Account

	30/09/2010 £000's	30/09/2009 £000's
Current service cost	510	371
Interest cost on obligation	368	323
Expected return on Scheme assets	(333)	(293)
<b>Total Income and Expenditure Charge</b>	<b>545</b>	<b>401</b>

## NOTES TO THE ACCOUNTS

### 5. PENSION COSTS Cont'd

#### Changes in the present value of the defined benefit obligation

	30/09/2010 £000's	30/09/2009 £000's
<b>Opening defined benefit obligation</b>	<b>6,277</b>	4,244
Interest cost on obligation	368	323
Current service cost	510	371
Actuarial loss on obligation	1,032	1,323
Member contributions	102	101
Benefits paid	(275)	(85)
	<hr/>	<hr/>
<b>Closing defined benefit obligation</b>	<b>8,014</b>	6,277
	<hr/>	<hr/>

#### Changes in the fair value of Scheme Assets

	30/09/2010 £000's	30/09/2009 £000's
<b>Opening fair value of Scheme Assets</b>	<b>5,174</b>	4,252
Expected return	333	293
Actuarial loss	170	137
Employer contributions	820	476
Member contributions	102	101
Benefits paid	(275)	(85)
	<hr/>	<hr/>
<b>Closing fair value of Scheme Assets</b>	<b>6,324</b>	5,174
	<hr/>	<hr/>

## NOTES TO THE ACCOUNTS

### 5. PENSION COSTS Cont'd

#### Total Amount Recognised in the Consolidated Income and Expenditure Account and the Statement of Total Gains and Losses (STRGL)

	30/09/2010 £000's	30/09/2009 £000's
<b>Pension Scheme (Liability) / Asset at start of year</b>	(1,103)	8
Profit & Loss Charge	(545)	(401)
(i) Actuarial Loss on Assumptions	(1,032)	(1,395)
(ii) Actuarial Gain on Experience	-	72
(iii) Actuarial Gain on Assets	170	137
STRGL Losses	(862)	(1,186)
Employer contributions	820	476
<b>Pension Scheme Liability at end of year</b>	<u>(1,690)</u>	<u>(1,103)</u>

#### Actual Return on Scheme Assets

	30/09/2010 £000's	30/09/2009 £000's
Expected Return on Scheme Assets	333	293
Actual Return on Scheme Assets	503	541
<b>Actual less Expected Return on Scheme Assets</b>	<u>170</u>	<u>248</u>

COT expects to contribute £1.2million to the Scheme during the twelve month period to 30 September 2011.

## NOTES TO THE ACCOUNTS

### 5. PENSION COSTS Cont'd

**Amount for the Current and Previous Four Periods:**

	<b>30/09/2009 to 30/09/2010</b>	<b>30/09/2008 to 30/09/2009</b>	<b>30/09/2007 to 30/09/2008</b>	<b>30/09/2006 to 30/09/2007</b>	<b>30/09/2005 to 30/09/2006</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Fair Value of Scheme Assets	<b>6,324</b>	5,174	4,252	4,821	4,190
Value of Liabilities (funded obligation)	<b>(8,014)</b>	(6,277)	(4,244)	(4,383)	(4,311)
Surplus/(Deficit)	<b>(1,690)</b>	(1,103)	8	438	(121)
Experience Gain/(Loss) on Liabilities	-	72	-	(83)	-
Experience Gain / (Loss) on Assets	<b>170</b>	137	(1,225)	62	125

## 6. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Furniture & Fittings £	Computers & IT £	Total £
<b>Cost</b>				
At 1 October 2009	2,294,275	80,308	118,782	2,493,365
Additions during year	304,486	-	3,122	307,608
Disposals	(1,159,984)	(41,093)	-	(1,201,077)
At 30 September 2010	1,438,777	39,215	121,904	1,599,896
<b>Depreciation</b>				
At 1 October 2009	499,213	52,856	47,114	599,183
Charge for the year	45,886	15,804	36,982	98,672
Released on Disposals	(258,882)	(34,528)	-	(293,410)
At 30 September 2010	286,217	34,132	84,096	404,445
<b>Net Book Value</b>				
<b>At 30 September 2010</b>	<b>1,152,560</b>	<b>5,083</b>	<b>37,808</b>	<b>1,195,451</b>
At 30 September 2009	1,795,062	27,452	71,668	1,894,182

All assets are used for the charitable activities of COT.

The additions listed under Freehold Land and Buildings represent the amount of work-in-progress (WIP) completed as at 30 September 2010 in relation to the major refurbishment of the building. WIP is not depreciated. Depreciation commenced once the refurbishment was completed and the building back in use (February 2011).

The disposals in the year relate to the strip-out of the building as part of, and in preparation for, this refurbishment of the building. The net write-off of £907,667 has been included within the cost of charitable activities in the Income and Expenditure Account.

The amount of capital authorised and contracted for as at 30 September 2010 was £1.7m.

## NOTES TO THE ACCOUNTS

### 7. INVESTMENT IN SUBSIDIARY UNDERTAKING

	2010 £	2009 £
Shares at cost in subsidiary undertaking - College of Occupational Therapists Limited	3	3

BAOT owns 100% of the ordinary share capital of COT which is incorporated in Great Britain.

The principal activity of COT (Registered Charity in England and Wales No.275119 and in Scotland No SCO39573) is the promotion of the science of occupational therapy and the training and education of occupational therapists.

### 8. OTHER FIXED ASSET INVESTMENTS

	Market Value 1/10/09 £	Reanalysis £	Additions £	Disposal Proceeds £	Net Gains £	Market Value 30/9/10 £
UK Gilts	81,450	-	-	(33,918)	6,012	53,544
UK Fixed Interest	99,431	-	-	-	20,013	119,444
UK Equities	989,005	-	73,705	(362,807)	89,320	789,223
US Equities	101,040	(101,040)	-	-	-	-
European Equities	116,563	(116,563)	-	-	-	-
Far East Equities	132,549	(132,549)	-	-	-	-
Overseas Equities	-	350,152	427,673	(39,268)	54,969	793,526
<b>Sub-total</b>	1,520,038	-	501,378	(435,993)	170,314	1,755,737
Cash held in investment portfolio	48,319					6,949
<b>TOTAL</b>	1,568,357					1,762,686

The total cost of investments held by COT at 30 September 2010 was £1,416,834 (2009 - £1,358,582). Investments that represented more than 5% of the total portfolio were: Witan Pacific Investment Trust (£88,550) and BP (£89, 838).

## NOTES TO THE ACCOUNTS

### 9. DEBTORS

	2010 £ Group	2009 £ Group	2010 £ Parent	2009 £ Parent
<b>Amounts due within one year</b>				
Trade Debtors	<b>159,253</b>	251,319	-	-
Due from Subsidiary Undertaking	-	-	-	127,711
Other Debtors	<b>24,229</b>	102,630	-	-
Prepayments and Accrued Income	<b>162,497</b>	95,887	-	-
Other Taxes	<b>52,949</b>	-	-	-
	<b>398,928</b>	449,836	-	127,711

### 10. CREDITORS

	2010 £ Group	2009 £ Group	2010 £ Parent	2009 £ Parent
<b>Amounts due within one year</b>				
Trade Creditors	<b>368,134</b>	182,868	-	-
Other Taxes & Social Security	<b>74,964</b>	16,848	-	-
Other Creditors	<b>373,169</b>	269,642	<b>263,556</b>	263,334
Owed to Subsidiary Undertaking	-	-	<b>2,905</b>	-
Accruals & Deferred Income	<b>143,584</b>	142,187	-	-
	<b>959,851</b>	611,545	<b>266,461</b>	263,334

## NOTES TO THE ACCOUNTS

### 11. SHARE CAPITAL

BAOT is a company limited by guarantee. In the event of liquidation, each member's liability is limited to £1.

### 12. RECONCILIATION OF MOVEMENT IN SHARE CAPITAL AND FUNDS

	2010 £	2009 £
Net Deficit for the financial year	(1,780,206)	(552,125)
Shareholders' funds at 1 October	13,720,756	14,272,881
	<hr/>	<hr/>
Shareholders' funds at 30 September	<b>11,940,550</b>	<b>13,720,756</b>

### 13. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 October 2009	Cashflows	At 30 September 2010
	£	£	£
Cash at bank and in hand	6,522,926	(289,590)	<b>6,233,336</b>
Cash held in investment portfolio	48,319	(41,370)	<b>6,949</b>
	<hr/>	<hr/>	<hr/>
	6,571,245	(330,960)	<b>6,240,285</b>
Cash held as investment	5,000,000	-	<b>5,000,000</b>
	<hr/>	<hr/>	<hr/>
	11,571,245	(330,960)	<b>11,240,285</b>

## NOTES TO THE ACCOUNTS

### 14. TRANSACTIONS WITH RELATED PARTIES

The balance of income over expenditure is paid to COT, a wholly owned subsidiary. This is in line with a Council decision. The amount to be transferred for the year ended 30 September 2010 is £4,204,181 (2009 - £3,974,735). The outstanding balance due to COT at the year end is £2,905 (2009 owed from COT – £127,711).

The total amount of expenses reimbursed to Council members during the year was £10,949 (2009 - £14,663).

Occupational therapists employed by COT have their subscriptions paid to BAOT by COT. These subscriptions, which are paid at normal rates, totalled £4,919 for the year.

During the year, one Council member (Naomi Hankinson) acted as a consultant for the COT's Consultancy Service on one assignment. The total amount received by the Council member was £500. This whole amount was paid at arm's length using the standard Consultancy Service rates for this type of advisory work.

**Statement required by Section 32A of the Trade Union and Labour Relations (Consolidation) Act 1992.**

A member who is concerned that some irregularity may be occurring, or have 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 such 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.