

(FOUNDED 1918)  
PATRON: HRH THE PRINCE OF WALES



## Annual Report & Accounts

As at 31 December 2016

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LONDON WC2A 3PE  
Registered Charity No: 1066994

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Company limited by guarantee. Company Registration No. 3482958 (England and Wales). Registered Office Address as above

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## **Reference and Administrative Detail**

### **Structure, Governance and Management**

#### **Governance**

The British Orthopaedic Association (BOA) is a registered Charity (Reg. 1066994) and a Company (Reg. 3482958). Limited by Guarantee. Not having a Share Capital, in terms of the Companies Act 2006, we are governed by the Memorandum and Articles of Association which came into force on 12 December 1997, and by our Rules, as published in our annual Handbook.

#### **Council**

The Council is the governing body of the Association and the elected members of the Council are its trustees. Council consists of a maximum of 12 elected surgical fellows; 6 elected officers and up to 12 ex-officio members representing specific interests. Trustees have voting rights; holders of ex-officio posts do not.

Trustees are elected by a postal ballot each serving for three years. Four of the elected trustees shall retire each year and thereafter shall be eligible for re-election after one year's retirement. Each year Fellows of the Association are invited to nominate candidates for Council, each nomination must be proposed and seconded by a Fellow of the Association and endorsed with the candidate's written consent to stand.

In the event of an equality of votes, the Council will determine the candidate(s) for election by a majority vote.

All new Trustees are issued with the Charity Commission booklet on their duties and responsibilities. They also receive a pack of briefing papers as recommended by the Charity Commission; are asked to sign the Trustees' Conflict of Interest form; and to provide information for the Register of Interests. They are also given a comprehensive induction process, including a presentation covering our full range of business and desk-side briefings by the BOA staff.

The full Council in 2016 consisted of 29 members with some serving in a dual capacity (i.e. both elected and ex-officio).

A staff of 19 headed by the Chief Executive supports strategy and policy development; communications and media engagement; education and research programmes; financial planning, budgeting and management; fundraising and

public engagement; information systems; events management; membership issues and benefits; and specialist societies.

## **Council Business in 2016**

The BOA Council met five times in February, April, July, September and December.

Key strategic decisions and/or endorsements covered a wide spectrum of business:

### Finance, Resources and Membership

- Detailed balance of investment and resource issues throughout the year arising from the annual review of the BOA's investment funds and the quarterly finance/performance reports produced by the staff
- Approval of the BOA's Annual Report and Accounts for 2015
- A new subscription arrangement with the Bone and Joint Journal for Staff and Associate Specialist (SAS) surgeons
- Engagement at our Specialist Society annual meetings through the BOA exhibition stand and attendance from Executive members
- Planning for the Royal College of Surgeons of England: Project 2020.

### Professional Practice

- The BOA is currently reviewing four of its National Institute for Health and Care Excellence (NICE) accredited Commissioning Guides and is in the process of developing an engagement plan with Clinical Commissioning Groups (CCGs).
- The Quality and Outcomes (Registries) work stream is continuing to progress well as are bring forward the Trauma and Orthopaedic Registries Unifying Structure (TORUS).
- The BOA disseminated the implementation guidance for Getting It Right First Time (GIRFT) to all BOA members and Clinical Directors. This has been supplemented by a series of regional meetings to discuss this in more detail.
- Tariff developments: the BOA is liaising with NHS Improvement about the reduction in quantum and its impact on orthopaedics, and has participated in a series of meetings with representatives from NHS Improvement.

Consultations: the BOA responded to a number of consultations by public bodies, including NICE Guideline consultations and NHS England.

## Training and Education

- The scope of Wikipaedics has now been developed and has moved to a new platform which will host an e-learning portal including the UK In-Training Examination (UKITE).
- The National Clinical Leaders programme: the BOA continues to receive a significant number of high calibre candidates for the programme. Many of these were drawn from specialist societies.
- The BOA has offered a record number of travelling fellowships to members who are home associates or SAS members. Various organisations and individuals provide sponsorship for the BOA Travelling Fellowships.
- The annual congress programme this year includes sessions organised by many of the BOA's affiliated specialist societies who are holding revalidation and free paper sessions.

## Patient Liaison Group

- In 2016, the PLG met regularly to provide support and guidance across BOA work streams and initiatives including: Commissioning Guidance documents, Quality Outcomes and registries.

## Research

- The BOA Orthopaedic Surgery Research Centre (BOSRC) is supporting the development of new multi-centre clinical trials; the results of these trials will be directly and immediately applicable to healthcare in the UK
- Close working with the James Lind Alliance to finalise Priority Setting Partnerships in surgery for shoulder pain and treatment of hip and knee arthritis
- BOA representation (Research Committee Chair) on the Arthritis Research UK (ARUK) Scientific Strategy Committee
- Engagement with Orthopaedic Research UK (ORUK) on future funding collaborations.

## Organisational

- BOA representation (using the Presidential Line) on the Royal College of Surgeons (RCS) England Council
- BOA representation at meetings of the Federation of Surgical Specialty Associations
- Engagement with the South African Orthopaedic Association to take the UK in-Training Examination.

The BOA Council is supported by the Executive Group and a number of other committees responsible for delivery specific aspects of our mission and strategy.

## Specialist Societies of the BOA

We could not fulfil our objectives without the collaboration of our 22 affiliated Specialist Societies. These are of huge importance to us as key contributors to our Annual Congress, clinical guidelines, commissioning guidance, trauma advisory sheets, overall policy development and delivery of change within the profession.

The Specialist Societies comprise:

- British Association for Surgery of the Knee (BASK)
- British Association of Spinal Surgeons (BASS)
- British Elbow and Shoulder Society (BESS)
- British Hip Society (BHS)
- British Indian Orthopaedic Society (BIOS)
- British Limb Reconstruction Society (BLRS)
- British Orthopaedic Foot and Ankle Society (BOFAS)
- British Orthopaedic Oncology Society (BOOS)
- British Orthopaedic Specialists Association (BOSA)
- British Orthopaedic Sports Trauma & Arthroscopy Association (BOSTAA)
- British Orthopaedic Trainees Association (BOTA)
- British Society for Children's Orthopaedic Surgery (BSCOS)
- British Scoliosis Society (BSS)
- British Society for Surgery of the Hand (BSSH)
- British Trauma Society (BTS)
- Computer Assisted Orthopaedic Surgery Society (CAOS)
- Combined Services Orthopaedic Society (CSOS)
- Orthopaedic Trauma Society (OTS)
- Rheumatoid Arthritis Surgical Society (RASS)
- Society for Back Pain Research (SBPR)
- United Kingdom Spine Societies Board (UKSSB)
- World Orthopaedic Concern (WOC)

## Trustees and Senior Staff

### Officers of Council

T J Wilton	President to 16/09/16, then Past President
C R Howie	Immediate Past President to 16/09/16
I G Winson	Vice President to 16/09/16, then President
A M Nanu	Vice President elect to 16/09/16, then Vice President
P Turner	Vice President elect from 16/09/16
D J McBride	Honorary Treasurer from 01/01/15
D Limb	Honorary Secretary from 01/01/14 to 31/12/2016
D Eastwood	Honorary Secretary from 01/01/17

### Elected Members

2014 – 2016	2015 – 2017	2016 – 2018	2017 - 2019
R A Brooks	D Clark	S Bendall	M Bowditch
G Giddins	S Donell	K Daly	L Breakwell
I McNab	M Reed	R C Handley	S Hodgkinson
P Mitchell	A Robinson	J A M Skinner	R Parkinson

### Honorary Posts

Archivist	I B M Stephen
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### Key Management

Chief Executive	M Kimmons CB
Director of Events Management	H Choules
Director of Finance	E Fry
Director of Information Systems	M Knight (until October 2016, when the post lapsed)
Director of Policy and Programmes	R Notay
Director of Communications and Operations	E Storey

Key management remuneration is set in line with the rest of the staff by the Officers of the Association. Remuneration is bench marked against the market.

**Registered Address**

British Orthopaedic Association  
At the Royal College of Surgeons  
35-43 Lincoln's Inn Fields  
London WC2A 3PE

**Charity Registration Number**

1066994

**Company Registration Number**

3482958

**Bankers**

National Westminster Bank PLC  
Marylebone and Harley Street Branch  
P O Box 2021  
10 Marylebone High Street  
London W1A 1FH

**Auditor**

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

**Solicitors**

Bircham Dyson Bell LLP  
50 Broadway  
London SW1 0BL

**Investment Advisors**

Investec Wealth Management  
2 Gresham Street  
London EC2 7QN

**Employment Advisors**

Ellis Whittam Ltd  
Woodhouse  
Aldford  
Cheshire  
CH3 6JD



## **About Us**

The BOA is the Surgical Specialty Association for Trauma and Orthopaedics in the UK. We provide national leadership, a unifying focus, and charitable endeavour by:

- Caring for Patients
- Supporting Surgeons

As a charity we care for patients by raising funds for and promoting research into musculoskeletal disorders. We also operate a benevolent fund to support our members in time of need.

As a membership organisation we care for patients and support surgeons by focusing on excellence in:

- Professional Practice
- Training and Education
- Research

## **Our Vision and how we achieve it**

### **Achieving our Vision**

Our vision is a vibrant, sustainable, representative orthopaedic community delivering high quality, effective care to fully informed patients. We seek to achieve this by ensuring that the Government's Health Care commissioning reforms take full account of the need for properly resourced and accessible musculoskeletal services. This is important given the UK's demographics and the fact that musculoskeletal disorders account for annual expenditure of some £5bn: trauma and orthopaedic practitioners really can transform our patients' lives.

### **Our purpose**

We can only deliver on the vision by providing clear national leadership for the trauma and orthopaedic surgical community that is responsible for over one million operations each year in England and Wales alone. That means engaging our patients, offering real value to our members and Specialist Societies, making our charitable work count – especially in the field of research. It also means that we must ensure our voice is heard at the most influential levels in Government, Whitehall, the NHS, and industry. That entails focused advocacy and the clearest possible communication of our core messages. It also entails close working with other key partners in the musculoskeletal arena.

### **Our mission and strategy**

Our mission, therefore, is to advance for the public benefit the practice, art and science of orthopaedic surgery. To do this we have designed a strategy focused on our core objectives of excellence in professional practice, training and education, and research. For each core objective we have developed delivery plans for the short, medium and longer terms. Our Council reviews progress throughout the year.

### **Public benefit from our work**

The trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The trustees further confirm that the activities of the Charity are carried out, in line with its objects, for the public benefit as described below.

Our principal concern is to ensure that patients under our care receive high quality treatment. In order to achieve this, we must support trauma and orthopaedic surgeons throughout their careers. We do this in a number of ways, based on our three core objectives of excellence in:

- Professional Practice
- Training and Education
- Research

## Presidents' Report for 2016

2016 was a tumultuous year for both the UK and the NHS – and the BOA has been in the thick of it. We have reassured our European colleagues that BREXIT will not involve any withdrawal on our part from the broader musculoskeletal agenda in Europe, while our trauma community continues to review and adjust its terrorist response capability in the light of events overseas. We have also actively and repeatedly pressed the case for joint replacement patients to ensure that they are not disproportionately disadvantaged by a plethora of savings measures throughout a cash-strapped NHS. We stood foursquare behind the Junior Doctors in their negotiations with the Department of Health, while deploring the circumstances that led to industrial action and the subsequent imposition of the contract. Conscious that the representation of women in our specialty could and should be better, we embarked on a programme of affirmative action to redress the balance. Our report that follows cannot possibly touch on every aspect of our activity: we have highlighted the principal elements.

The year started with the launch of our leadership guidance to implement the Getting It Right First Time (GIRFT) programme for trauma and orthopaedics (T&O) in England. It is important to remember that while GIRFT has strong political backing, it is nonetheless an enabling, data driven process designed to support evidence based continuous quality improvement in our clinical practice. The real impetus to drive quality improvement is necessarily led by the profession itself, with BOA members at the forefront, fully supported by their professional body. As with any innovative approach, there have been some teething problems with the data and its presentation: these have been fed back to us and we have worked extensively with the GIRFT team in NHS Improvement (NHSI) to ensure their rectification so that essential momentum may be sustained by surgeons at the front line. This experience will be invaluable as similar implementation programmes – tailored to the devolved nations' particular needs - are rolled out in Scotland, Wales and Northern Ireland.

For elective care, we and our affiliated Specialist Societies have also continued to build on our understanding of clinical outcome variance analysis, working closely with colleagues in the National Joint Registry (NJR). This has reinforced our conviction that not only is the publication of individual surgeon outcomes flawed on grounds of insufficiently robust data that is of parlous use to patients; but also the whole outlier lexicon has the potential to act as a barrier to quality improvement. The unduly punitive tone of outlier phraseology can be counter-productive for many surgeons; it tends to instil a sense of denial, rather than fostering the essential insight that lies at the heart of a supportive or just professional culture. These convictions and human factor observations have been further reinforced during our work to support the emerging registries within our profession through the creation of the Trauma and Orthopaedic Registries Unifying Structure (TORUS): while we have made commendable progress with the TORUS, it has not been without significant effort to assuage peoples' legitimate concerns that the data would be used to castigate them rather than enhance quality improvement.

Accordingly, we and the NJR have represented robustly to NHS England at the highest level the benefits of unit outcome reporting and a team based approach, and have proposed an alternative assurance framework based on a

just culture supported by a new system of BOA elective care quality reviews. We judge these reviews are best placed to support effective regulation: they build on our parallel experience in trauma with the highly regarded BOA hip fracture service reviews. We fully appreciate that any change to unit based reporting may take time and political will to implement, nevertheless we are encouraged that NHS England has been listening to and acting upon our advice, with the name change to the Clinical (rather than Consultant) Outcome Programme, an emphasis on teams for any new national audits, and a change of focus from 'rooting out poor performance' to 'celebrating success'.

There is one further area where we have had particularly extensive engagement with the NHS, and that is the Tariff which is set centrally and used by CCGs to reimburse hospital providers for the procedures they commission. Throughout the first half of 2016 our Expert Working Group (EWG) collaborated closely with NHS Improvement to achieve a workable T&O tariff for the ensuing two financial years. The pace of this work was intense, often encroached on bank holiday weekends, and resulted at the end of the summer in a viable solution that would have ensured a sustainable funding outcome. To our consternation the entire contribution from our EWG was disregarded when the statutory tariff consultation was published by NHSI in the Autumn with a proposed a 13.5% reduction for T&O. Naturally we responded to the consultation in the strongest terms. Moreover, in the absence of any meaningful explanation for this behaviour we wrote to the Chief Executive of NHSI setting out clearly the potential implications for orthopaedic patients and seeking further dialogue.

In the meantime, our broader professional practice work to promote quality improvement has continued apace with further auditable standards for trauma, new elective care standards, revised commissioning guides, further developments to the Beyond Compliance and Orthopaedic Data Evaluation Panel services, close engagement with the nascent Private Healthcare Information Network (PHIN), and sustained contributions to the national initiatives to establish a MSK Health Questionnaire, MSK indicator sets, multidisciplinary MSK team competency frameworks, and MSK networks in various guises.

Turning to training and education, we delivered a highly acclaimed programme of continuous professional development at our Belfast Congress, with a particular focus on clinical leadership and engagement, in addition to our customary revalidation instructional sessions. The latter are master minded by our affiliated Specialist Societies to ensure that all T&O surgeons are able to keep up to date in the generality of their profession. The Congress partnership with the Specialist Societies is highly effective and their contribution hugely appreciated. Our 2016 Instructional Course for surgeons in training was fully subscribed and in light of that we increased the numbers for the 2017 course (which was also full): here the format continues to be one of interactive case based discussion, and we are enormously grateful to the faculty who give freely of their time.

Wikipaedics, our e-learning platform based on Moodle, continues to develop with the strong support of our affiliated Specialist Societies: in response to trainee focus groups the emphasis has shifted to one of higher order learning delivered through a variety of different media to support FRCS revision. As Wikipaedics will be open access the

product has potentially enormous reach and provides us with an opportunity, through the integration into Moodle of our UK In-Training Examination, to extend our membership offer internationally: the South African Orthopaedic Association has already subscribed to UKITE, with others set to follow. The key to future success for Wikipaedics lies in attracting significant sponsorship from industry, and potentially the identification of a publishing partner with a well developed digital infrastructure. BOA Travelling Fellowships remain in strong demand, as does our Clinical Leaders Programme, and we were pleased to contribute to the Chinese and Indian Association Congresses, as well as the Carousel's Combined Orthopaedic Association Congress.

Having invested significantly in the British Orthopaedic Surgical Research Centre (BOSRC) in York we are delighted to report a significant return: the profile and extent of T&O research have never been higher and continue to rise, enabled by further investment in priority setting partnerships with substantial patient and public involvement that catch the eye of major funders. As a consequence the T&O research agenda now has a very much more professional feel to it and real teeth. We take this opportunity to express our enormous gratitude to all those individuals whose donations and legacies have supported our members' research work: the benefits to future generations of patients and surgeons are inestimable.

Lastly, our Benevolent Fund has had a busy year, the details of which may be found in the CEO's Report at page 16: suffice it to say that the level of activity underlines the importance of this particular charitable object.

In summary, 2016 was especially busy and we see no prospect of any let up during 2017. As a charity we fully embrace close collaboration with the NHS, provided it is to the public benefit. The result should be enhanced and better value care for our patients, while supporting surgeons. We say 'should be' because during 2016 that was not always the case: let us hope that the Tariff experience was a one off and there is no future recurrence.

Our work is intense yet rewarding. It would not be possible without the unstinting support of our clinical volunteers, Patient Liaison Group, affiliated Specialist Societies and professional staff: we pay tribute to their enormous dedication and contribution.



**Tim Wilton**  
**Immediate Past President**



**Ian Winson**  
**President**

## Chief Executive's Report for 2016 – Objectives, Risks and Achievements

As CEO my principal responsibility is to ensure that the BOA staff creates value so that we achieve our planned objectives. In order to do this we must first and foremost offer a compelling value proposition to our current and prospective members across all our activities. This requires me to sustain and employ finite resources, using effective risk management to balance our business, while focusing on continuous improvement in all that we do. The table below describes the principal objectives, risks and achievements for the 2017:

Objectives and Risks	Achievements
<p><b>Membership:</b></p> <ul style="list-style-type: none"> <li>• Sustain and grow the BOA membership by enhancing our value offer and reputation</li> </ul> <p><b>Key risk:</b> losing members as a consequence of economic pressures and perceptions of reduced clinical relevance</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Increased the membership by 5.2% in year</li> <li>• Refreshed and enhanced further our SAS offering</li> <li>• Expanded significantly our medical student cadre</li> <li>• Supported the junior doctors (and BOTA in particular) in their contract negotiations with the Department of Health</li> </ul>
<p><b>Communication and Engagement:</b></p> <ul style="list-style-type: none"> <li>• Communicate the work of the BOA and trauma and orthopaedic surgeons effectively to our member and wider audiences</li> </ul> <p><b>Key risk:</b> failing to engage our membership, prospective members and affiliated Specialist Societies effectively, losing essential visibility as a consequence</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Extended our Twitter followership to over 9,000, our Linked In connections to over 3,000, and our Facebook friends to over 3,500</li> <li>• Developed further innovative approaches to the content in the Journal of Trauma and Orthopaedics (JTO)</li> <li>• Ensured a senior BOA presence at as many affiliated Specialist Society meetings as possible</li> <li>• Refreshed the BOA stand and deployed more staff to affiliated Specialist Society meetings</li> </ul>
<p><b>Finance and Organisation:</b></p> <ul style="list-style-type: none"> <li>• Finance – complete the annual audit to time and on budget</li> <li>• Introduce formal sub team budgets</li> <li>• Further restructure the staff to streamline processes and promote a greater sense of empowerment through effective team working</li> <li>• Implement the BOA's affirmative action programme</li> </ul>	<p>We:</p> <ul style="list-style-type: none"> <li>• Completed all our main finance and organisational objectives</li> <li>• Advanced the time frame for our annual audit in 2017</li> <li>• Took the opportunity afforded by personnel moves to define new roles aimed at enhancing team cohesion</li> <li>• Rebalanced our committee memberships to include more women</li> <li>• Included a well-attended session entitled</li> </ul>

<p><b>Key risk:</b> failure to do our job</p>	<p>‘Where are all the women?’ in our Annual Congress</p>
<p><b>Charitable Endeavour:</b></p> <ul style="list-style-type: none"> <li>• NHS/Third Sector collaboration</li>   <li>• Continuous improvement of our Fellowship awards system</li>   <li>• Benevolence in action</li> </ul> <p><b>Key risk:</b> loss of influence/external funding/lack of transparency</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• Worked closely with NHS England and NHS Improvement on GIRFT, the Tariff and broader MSK programmes to deliver public benefit through enhanced patient care and support to surgeons</li>   <li>• Expanded out clinical leadership fellowship programme significantly</li>   <li>• Processed 3 applications resulting in grants totalling £79,644</li> </ul>
<p><b>Professional Practice:</b></p> <ul style="list-style-type: none"> <li>• Support the delivery of high quality trauma care provided to vulnerable and/or severely injured patients</li>     <li>• Provide professional leadership for Getting It Right First Time (GIRFT) in England.</li>     <li>• Close engagement with the nascent PHIN</li>   <li>• Contribute to the 2016 Clinical Outcome</li> </ul>	<p>We:</p> <ul style="list-style-type: none"> <li>• Co-ordinated and supported 7 hip fracture service reviews at the request of Trusts in response to the National Hip Fracture Database annual report.</li>   <li>• Produced 3 new or refreshed BOASTs (advisory sheets on trauma procedures) covering: <i>insert details please</i> <ul style="list-style-type: none"> <li>- BOAST 12: The Management of Ankle Fractures</li> <li>- BOAST 13: Rehabilitation and Communication with Trauma Patients</li> <li>- BOAST 14: The Management of Urological Trauma Associated with Pelvic Fractures</li> </ul> </li>   <li>• Reviewed and fed back on the GIRFT dashboards and datasets -improved versions will be developed and issued by the GIRFT team</li>   <li>• Approached NHS Improvement to formalise review of individual audit data/results at appraisal</li>   <li>• Initiated the production of BOA Elective Care Standards to cover the main procedures</li>   <li>• Conceived and developed the concept of BOA elective care reviews to support Trusts in England</li>   <li>• Influenced substantially PHIN’s work on consultant activity reporting</li>   <li>• Were instrumental in shifting the focus away from individual consultants to teams with an</li> </ul>

<p>Publication (COP) round</p> <ul style="list-style-type: none"> <li>• Develop and deliver the Trauma and Orthopaedic Registries Unifying Structure (TORUS)</li> <li>• Close collaboration with NHS Improvement</li> <li>• Engage proactively with CCGs to promote seamless care pathways for T&amp;O patients</li> <li>• International promotion of best practice</li> </ul>	<p>emphasis on celebrating success rather than rooting out poor performance</p> <ul style="list-style-type: none"> <li>• Collaborated closely with the NJR on a revised approach to T&amp;O outcome reporting</li> <li>• Continue to shift the COP language from outlier to variance analysis as part of a just culture approach (in contrast to a punitive one)</li> <li>• Secured the affiliated Specialist Societies' and emergent registries' agreement to the TORUS concept with a focus on joint data controllership and a harmonised approach to variance analysis</li> <li>• Gained consensus for an appropriately worded MOU as a framework with which to develop a formally binding, collaborative TORUS agreement</li> <li>• Identified, addressed and resolved associated issues around patient consent – including a Section 251 requirement for emergent registry patients who have not yet consented to joint controllership of their data</li> <li>• Supported our Expert Working Group to formulate a new approach to the T&amp;O tariff using HRG4+ for implementation in 2017-20</li> <li>• Proposed a further tariff review from first principles with the objective of creating a robust framework from 2020 onwards</li> <li>• Responded to multiple consultations on the Tariff and arranged bilateral engagement with the NHSI pricing team</li> <li>• Revised our suite of Commissioning Guides for CCGs using NICE's comprehensive approach</li> <li>• Noted with pleasure that these documents are now highlighted by Right Care in their MSK Better Value Commissioning packs</li> <li>• Presented to the Chinese Orthopaedic Association on Evidence Based Arthroplasty and Beyond Compliance</li> <li>• Initiated a strategic dialogue with the leadership of the Indian Orthopaedic Association</li> <li>• Ensured a healthy PLG presence at and</li> </ul>
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<ul style="list-style-type: none"> <li>Support to our all-important Patient Liaison Group (PLG)</li> </ul> <p><b>Key risk:</b> reputational damage from delay, failure to act, implement or deliver, or failure to engage</p>	<p>contribution to our Annual Congress in Belfast</p>
<p><b>Training and Education:</b></p> <ul style="list-style-type: none"> <li>Continue to enhance our CPD and training offers</li> </ul> <p><b>Key risk:</b> failure to capture the interest and attention of our membership; perceptions of poor value for money</p>	<p>We:</p> <ul style="list-style-type: none"> <li>Delivered high quality CPD to 1600 delegates at our 2016 Congress in Belfast notwithstanding travel and other potential disruption due to industrial action</li> <li>Determined the way forward for Wikipaedics as a higher order learning platform following feedback from trainee focus groups</li> <li>Selected Moodle as the Wikipaedics platform, which will also encompass the future integration of the UK In Training Examination (UKITE)</li> <li>Extended UKITE's coverage to the South African orthopaedic</li> <li>Further developed the Case Based Discussion formula of our annual Instructional Course, which was fully subscribed with a waiting list</li> </ul>
<p><b>Research:</b></p> <ul style="list-style-type: none"> <li>Increase the profile of T&amp;O translational research by enhancing the support infrastructure and promoting the case for more funding</li> </ul> <p><b>Key risk:</b> year on year reduction in national research funding for T&amp;O</p>	<p>We:</p> <ul style="list-style-type: none"> <li>Achieved a healthy return on our three year investment in the British Orthopaedic Surgical Research Centre at York University: the profile and funding of national T&amp;O research have never been higher, with every prospect of even more to come</li> <li>Secured the BOA Council's agreement in principle to extend the York contract, subject to submission of a formal business case to the Executive Group</li> </ul>

This agenda of work will continue to be developed, reflects our core activity and informs our future planning. We produce a quarterly colour coded mind map to assist Council in tracking performance across the full spectrum of activity.

In conclusion, 2016 saw no let-up in our activities and continued to emphasise the importance of professional staff support. Competencies were once again refreshed and adjusted as and when vacancies arose. By the end of the year, we were well positioned to face the demands of what promised to be an equally challenging 2017.

At year end our membership had increased by an encouraging 5.2%. In terms of our financial performance, we finished the year with a surplus of £360,494 and an increase in our reserves.

During the year one of the restricted funds in our accounts was a victim of external fraud and theft, this is being investigated, has been reported to the Charity Commission, and improved controls are being implemented. This fraud and theft continued up to February 2017.

In closing I would emphasise that these are the headline issues. There is a significant degree of less public facing development work on our agenda as we continue to integrate and harness the full potential of our information and finance systems with the membership database. These essential enablers, as well as a continuous and innovative refresh of our various membership benefits, will demand the full attention of our professional staff.



**Mike Kimmons CB**  
**CEO**

## **Risk Management**

The risks to which the charity is exposed are reviewed regularly by the Trustees. The major risks are considered to be:

- Membership – sustaining and growing membership
- Financial – where a reduction in the value of investment assets is sufficient to undermine the charity's strategic objectives.
- Operational – where processing failures, fraud, or major incidents, impede the charity's ability to function effectively, and thus to deliver its charitable objectives.
- Compliance – where a failure to comply with charity law, the general law, and the founding Trust Deed, compromises the charity's status and its future.

The BOA's individual risks are identified and outlined in the Chief Executive's report (page 15-19).

Ensuring that these, and other risks, are managed appropriately is central to the Trustees' governance, which is the subject of continuing attention. Systems and procedures for risk management are reviewed at Trustees' meetings. A risk register is updated regularly, and the performance of the professional managers employed to manage the charity's substantial investment assets is monitored closely.

## **Finances**

### **Investments**

Our Trust Deed states that monies for investment shall be invested in the name of the Company by the Trustees in any investments permitted by law for the investment of Trust Funds. The Trustees may at any time and from time to time vary such investments for others of like nature.

Investments held for our Strategic Fund and its designated funds could, if necessary, be realised within a short space of time to meet unforeseen commitments incurred by the Association, such as legal, other consultancy or professional expenses. Investments held for our Benevolent Fund are maintained to support possible future claims.

### **Investment Policy**

In general our policy is for the funds to be managed to obtain best returns from both bank interest and dividend income. We discuss portfolio construction and asset allocation regularly with our investment advisers, and interest rates are compared with others available in the market place to ensure they are competitive.

Our investment policy objectives are met by investing prudently in a broad range of fixed interest securities and equities which are quoted on a recognised Investment Exchange, unit trusts, and OEICs (open ended investment companies) which are authorised under the Financial Services and Markets Act 2000.

All our funds have ethical restrictions on investments in any company whose principal business is the manufacture or supply of, or trading in, armaments and tobacco products. No initial investment should exceed 10% of the total value of the funds under management. No 'pooled' investment should represent more than 15% of the overall portfolio when purchased.

The funds should not be invested in high risk investments including warrants, futures, contracts for difference, options and other type of derivatives unless such investments are used to moderate risk.

## **Investment Report**

The ARC Steady Growth Index which represents average charity performance had a growth of 12.6% (net of fees) for 2016. The total of all the BOA funds had a growth of 12.3% for 2016.

Our primary focus during these turbulent times was to ensure that the charity's short-term liabilities were being met, and secondly that the portfolios remained well positioned to provide good growth prospects in the longer term. For each of the non-cash funds we have adopted a cautious, balanced approach and will continue to do so throughout 2017 with a focus on longer term returns.

### **Unrestricted investment income**

Our aim is to maximise this source of funding to subsidise expenditure on fellowships, awards and prizes, representational and governance costs for which we do not have specific income streams.

Total unrestricted investment income earned in the year was £76.6k (2015: £71.5k).

### **Restricted investment income**

Restricted investment income of £62.0k (2015: £57.6k) earned in the year is split between three funds, the Benevolent Fund, the Soli Lam Scholarship Fund, the Ram Kumar Chatterjee Fund:

- Benevolent Fund income for the year was £14.5k (2015: £12.6k)
- Investment income from the Soli Lam Endowment Fund was £34.7k (2015: £32.7k)
- Investment income from the Ram Kumar Chatterjee Fund was £12.8k (2015: £12.3k)

## **Reserves Policy**

The primary aim of our reserves policy is to hold sufficient funds to maintain our long-term sustainability and manage short-term volatility in income or liquidity. This is to ensure that we can:

- Continue to meet our financial commitments;
- Balance sound investment with good liquidity management; and

- Avoid short-term decisions to the detriment of our longer-term vision.

Accordingly we aim to:

- Accumulate and sustain unrestricted reserves equivalent to six months running costs between £1 - £1.2 million; and
- We maintain funds to cover future strategic developments;

Having aimed for an unrestricted reserve total of £2.6 million at the end of 2016 our actual reserve was £2.9 million – up from £2.6 million in 2015. Having reviewed the position, our Trustees are satisfied that this level of reserves is appropriate, given the economic outlook.

The BOA also has restricted reserves of £1.8 million and endowment reserves of £1.3 million. More detail is provided on page 41

### **Grant Policy**

As described in last year's report, our grant policy changed in 2014 when we shifted from a focus on small pump priming grants for basic science research to a single consolidated grant of circa £60k per annum over a three year period to fund the BOA Orthopaedic Surgery Research Centre (BOSRC) at the York Trials Unit. The aim of the BOSRC is to increase substantially the profile of T&O research. The programme will be fully evaluated for success in 2016/17.

### **Going Concern**

The BOA has cash reserves and has no requirement for external funding. The Trustees have a reasonable expectation that the BOA has adequate resources to continue in operational existence for the foreseeable future. They continue to consider the going concern basis of accounting is appropriate in preparing the annual financial statements.

### **Incoming Resources**

There was a total decrease in income in 2016 of £59.7k, this is a decrease in unrestricted income of £73.6k and an increase in total restricted income of £13.9k compared to the 2015 figures.

Restricted legacy income increased from £428.6k in 2015 to £451.4k in the year, an increase of £22.8k. Unrestricted legacy income of £37.3k was received in 2016 (2015: £56.9k).

Our policy is to promote legacy income by direct advertisements to the profession at large through the Journal of Trauma and Orthopaedics and through appeals to our public supporter base. We have a contract with Smee and Ford to monitor other possible sources of legacies.

Income derived from fundraising activities decreased by £1.3k to £130.9k (2015: £132.3k). Investment income from bank interest deposits and dividends received increased by £9.4k from £129.2k in 2015 to £138.6k in 2016. Dividend income increased by £9.4k.

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

- Membership income increased in 2016 due to a 5.2% increase in member numbers.
- The Annual Congress income decreased by £118.1k due a smaller exhibition area at Belfast and delegate number that were slightly affected by the threat of the Junior Doctors strike in September 2016.

We received two years funding (2014/2016) of £120.0k from HQIP for the Quality Outcomes/Registry work stream programme with the final £29.1k expended in 2016. Income from courses and exams increased by £39.2k

## **Resources expended**

There was a small decrease in fundraising expenses in the year of £2.8k from £68.8k to £66.0k.

There was a total decrease in expenditure in 2016 of £8.9k, this is a decrease in unrestricted expenditure of £96.7k and an increase in restricted expenditure of £87.8k compared to 2015. This is attributable principally to the following as referred to on pages 4 -19:

- Lower venue hire costs for our Annual Congress held in Belfast
- No hosting for the ABC and ASG fellowships as we sent travelling fellows to participating countries

## **Summary**

In conclusion, the result for the year before net investment gains was a surplus of £360.4k in contrast to a surplus in 2015 of £411.2k.

## **Future developments**

Looking ahead, in accordance with our strategic objectives and motto of caring for patients, supporting surgeons, we plan to achieve and/or deliver the following principal initiatives in 2017:

- The promotion of a Just Culture throughout T&O – where the key ingredients are evidence based objectivity, a positive frame of mind, a quest for learning with which to promote further quality improvement, and supportive professionalism.
- The further development of our Patient Liaison Group into a Patient Panel that is fully empowered constructively to hold the profession to account.
- A continuing increase in our membership with a particular focus on SAS surgeons who remain an under-represented cohort.
- A focus on new and innovative benefits for our members.
- Delivery of our BOA Elective Care Standards and Elective Care Reviews – the latter in close conjunction with our National Joint Registry partners.
- Support to our affiliated spinal societies with implementation of the GIRFT spines report, once published.
- A continuing focus on the derivation of a Clinical Services Quality Marker for trauma services.
- Continuing development of our suite of audit standards for trauma (BOASTs).
- Finalisation of the Memorandum of Understanding governing the framework for the Trauma and Orthopaedic Registries Unifying Structure. This will allow us to develop the enabling collaborative agreement that will translate the TORUS concept into reality in support of the quality improvement agenda for T&O.
- Further collaborative work with NHS Improvement, Digital and England that will enable us to correct the deficiencies in the current tariff setting methodology for T&O procedures.
- A reinvigoration of our regional and clinical champion networks aimed at intensifying our national focus on CCG engagement (particularly in the context of orthopaedic procedure rationing).
- Continuing support to ARMA in the development of broader MSK networks and close working with our clinical partners in the Chartered Society of Physiotherapists: the focus here remains on knowledge sharing, competencies of the community based multidisciplinary MSK team, data and metrics, and generic pathways.
- Continuing constructive engagement with the Private Healthcare Information Network (PHIN) in order positively to shape their approach to activity publication for consultants in private practice.
- A comprehensive programme of CPD for T&O surgeons at our Liverpool Congress and further continuous improvement of our instructional course for trainees.
- Further international exposure of our UK In Training Exam (UKITE), building on our experience with the South African Orthopaedic Association.
- Continuing development of the Wikipedics e-learning portal, where we will be looking for industry partnership and – potentially – a digital publishing partner.
- Further refinement of our BOSRC and priority setting partnership activities as we continue to leverage increasing influence in the field of trauma and orthopaedic research.

## **Statement of Trustees' responsibilities**

The trustees are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming/outgoing resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

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

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

## **Auditors**

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor for the next financial year.



This report was approved by the trustees of the Charity on 26 April 2017, in their capacity as company directors, and signed on its behalf by the Honorary Treasurer, Donald McBride and President, Ian Winson.

A handwritten signature in black ink, appearing to read 'Ian Winson', with a long horizontal flourish extending to the right.

**Ian Winson MBChB, FRCS**

**BOA President**

**Date of approval: 26 April 2017**

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

We have audited the financial statements of The British Orthopaedic Association for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 17.

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, 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 based on the work undertaken in the course of our audit

- the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Annual Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the trustees annual report.

*N May*

Nicola May

Senior Statutory Auditor

For and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

London

*9<sup>th</sup> May 2017*

**British Orthopaedic Association: Statement of Financial Activities (including income and expenditure account) for the year ended at 31 December 2016**

	Note	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
		£'000	£'000	£'000	2016 £'000	2015 £'000
<b>Income and endowments from:</b>						
<b>Voluntary income:</b>						
Donations and legacies		37.3	582.4	-	619.7	618.0
<b>Charitable activities:</b>						
Membership		1,253.0	28.2	-	1,281.2	1,208.7
Education		880.3	145.9	-	1,026.2	1,183.6
Professional Practice		85.7	44.2	-	129.9	120.8
Representation		11.5	-	-	11.5	10.2
Grant		-	10.0	-	10.0	-
<b>Other Trading Activities</b>		7.6	5.5	-	13.1	19.4
<b>Investment Income</b>	<b>2</b>	76.6	14.5	47.5	138.6	129.2
<b>Total income and endowments</b>		<b>2,352.0</b>	<b>830.7</b>	<b>47.5</b>	<b>3,230.2</b>	<b>3,289.9</b>
<b>Expenditure on</b>						
Raising funds		-	66.0	-	66.0	68.8
<b>Charitable activities:</b>						
Membership		659.2	5.8	-	665.0	683.8
Education		1,044.1	299.1	22.6	1,365.8	1,449.7
Professional Practice		345.9	43.2	-	389.1	378.1
Representation		111.9	-	-	111.9	91.5
Getting It Right First Time		-	-	-	-	4.6
Research		8.1	-	-	8.1	7.8
Grants		-	88.3	-	88.3	88.1
Investments		23.9	7.0	16.5	47.4	49.4
Other Trading Activities		77.3	(0.2)	-	77.1	56.9
Other Costs		-	51.1	-	51.1	-
<b>Total expenditure</b>	<b>3</b>	<b>2,270.4</b>	<b>560.3</b>	<b>39.1</b>	<b>2,869.8</b>	<b>2,878.7</b>
<b>Net Income</b>		<b>81.6</b>	<b>270.4</b>	<b>8.4</b>	<b>360.4</b>	<b>411.2</b>
Net Gains/(losses) on investment		237.5	51.0	95.0	383.5	2.4
<b>Net movement in funds</b>	<b>5</b>	<b>319.1</b>	<b>321.4</b>	<b>103.4</b>	<b>743.9</b>	<b>413.6</b>
Transfer between funds	13	(33.0)	33.0	-	-	-
Total funds brought forward		2,607.3	1,483.0	1,174.5	5,264.8	4,851.2
Total funds carried forward	<b>13</b>	<b>2,893.4</b>	<b>1,837.4</b>	<b>1,277.9</b>	<b>6,008.7</b>	<b>5,264.8</b>

All of the above results derive from continuing activities. The Association has no other recognised gains and losses other than those stated above. The accompanying notes numbered 1 to 17 form part of these financial statements.

## Comparative Statement of Financial Activity

### British Orthopaedic Association: Statement of Financial Activities (including income and expenditure account) for the year ended at 31 December 2015

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2015 £'000
<b>Income and endowments from:</b>					
<b>Voluntary income:</b>					
Donations and legacies		57.0	561.0	-	618.0
<b>Charitable activities:</b>					
Membership		1,197.0	11.7	-	1,208.7
Education		1,000.2	183.4	-	1,183.6
Professional Practice		70.8	50.0	-	120.8
Representation		10.2	-	-	10.2
<b>Other Trading Activities</b>		18.9	0.5	-	19.4
<b>Investment Income</b>	<b>2</b>	71.5	12.6	45.1	129.2
<b>Total income and endowments</b>		<b>2,425.6</b>	<b>819.2</b>	<b>45.1</b>	<b>3,289.9</b>
<b>Expenditure on</b>					
Raising funds		-	68.8	-	68.8
<b>Charitable activities:</b>					
Membership		703.2	(19.4)	-	683.8
Education		1,164.4	260.9	24.4	1,449.7
Professional Practice		321.6	56.5	-	378.1
Representation		91.5	-	-	91.5
Getting It Right First Time		-	4.6	-	4.6
Research		7.8	-	-	7.8
Grants		-	88.1	-	88.1
Investments		24.5	7.5	17.4	49.4
<b>Other</b>		54.1	2.8	-	56.9
<b>Total expenditure</b>	<b>3</b>	<b>2,367.1</b>	<b>469.8</b>	<b>41.8</b>	<b>2,878.7</b>
<b>Net Income</b>		<b>58.5</b>	<b>349.4</b>	<b>3.3</b>	<b>411.2</b>
Net Gains/(losses) on investment		12.1	5.7	(15.4)	2.4
<b>Net movement in funds</b>		<b>70.6</b>	<b>355.1</b>	<b>(12.1)</b>	<b>413.6</b>
Total funds brought forward		2,536.7	1,127.9	1,186.6	4,851.2
Total funds carried forward	<b>13</b>	<b>2,607.3</b>	<b>1,483.0</b>	<b>1,174.5</b>	<b>5,264.8</b>

## British Orthopaedic Association Balance Sheet as of 31 December 2016

	Note	BOA 2016 £'000	BOA 2015 £'000
<b>Fixed assets</b>			
Tangible assets	6	-	2.7
Intangible assets	7	22.7	45.4
Investments	8	4,243.6	3,968.4
		<u>4,266.3</u>	<u>4,016.5</u>
<b>Current assets</b>			
Stocks		9.2	10.6
Debtors	9	726.4	515.9
Cash at bank and in hand		1,618.2	1,453.5
		<u>2,353.8</u>	<u>1,980.0</u>
<b>Creditors: Amounts falling due within one year</b>	<b>10</b>	<u>(611.4)</u>	<u>(708.1)</u>
<b>Net current assets</b>		<u><b>1,742.4</b></u>	<u><b>1,271.9</b></u>
<b>Creditors: Amounts falling due after more than one year</b>	<b>11</b>	-	(23.6)
Net assets or liabilities excluding pension asset or liability		1,742.4	1,248.3
Total net assets or liabilities		<u>6,008.7</u>	<u>5,264.8</u>
<b>Represented by:</b>			
Unrestricted funds		2,893.4	2,607.3
Restricted funds		1,837.4	1,483.0
Endowment Funds		1,277.9	1,174.5
Total Funds	<b>13</b>	<u><b>6,008.7</b></u>	<u><b>5,264.8</b></u>

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

The financial statements on pages 30 to 47 were approved by the Trustees on 26 April 2017 and signed on its behalf by:

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

**Trustee**  
Ian Winson MBChB, FRCS

The accompanying notes numbered 1 to 17 form part of these financial statements

**British Orthopaedic Association**  
**Statement of Cash Flows**  
**For the year ended 31 December 2016**

	<u>2016</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>
<b>Cash flows from operating activities:</b>		
Net cash provided by (used in) operating activities (Note 1)	(82.2)	147.5
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	138.6	129.3
Proceeds from the sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	-	(0.8)
Proceeds from sale of investments	502.2	392.4
Purchase of investments	(393.9)	(349.0)
<b>Net cash provided by (used in) investing activities</b>	<b>246.9</b>	<b>171.9</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>164.7</b>	<b>319.4</b>
Cash and cash equivalents at 1 January (Note 2)	1,453.5	1,134.1
<b>Cash and cash equivalents at 31 December (Note 2)</b>	<b>1,618.2</b>	<b>1,453.5</b>
<b>Note 1 to the cash flow statement</b>	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities</b>		
Net income / (expenditure) for the year per the SOFA	743.9	413.6
<b>Adjustments for:</b>		
Depreciation charges	23.1	32.5
(Gains) on investments	(383.5)	(2.4)
Dividends and interest from investments	(138.6)	(129.3)
Loss/(profit) on the sale of fixed assets	2.3	-
Decease/(increase) in stocks	1.4	0.9
(Increase)/decrease in debtors	(210.5)	(147.7)
(Decrease)/increase in creditors	(120.3)	(20.1)
<b>Net cash provided by (used in) operating activities</b>	<b>(82.2)</b>	<b>147.5</b>
<b>Note 2 to the consolidated cash flow statement</b>	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Analysis of Cash and Cash equivalents</b>		
Cash at bank and in hand	1,618.2	1,453.5
Cash held as short term investments	-	-
<b>Total Cash and Cash equivalents</b>	<b>1,618.2</b>	<b>1,453.5</b>

The accompanying notes numbered 1 to 17 form part of these financial statements

## **Note 1: Accounting policies**

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

### *a) Company information:*

The Charity is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 12 December 1997 (company number: 3482958) and registered as a charity on 19 December 1997 (charity number: 1066994).

### *b) Basis of preparation*

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

The functional currency of the Charity is considered to be GBP because that is the currency of the primary economic environment in which the Charity operates.

After reviewing the Charity's forecasts and projections, the trustees have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### *c) Critical accounting judgements and key sources of estimation uncertainty*

In the application of the charity's accounting policies, which are described in this note, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the presentation of the financial statements are as follows:

### *d) Company status*

The Charity is a company limited by guarantee. The Trustees are Directors of the Company and in the event of the Charity being wound up; the liability in respect of the guarantee is limited to £1 per member of the Charity.

### *e) Membership subscriptions*

Subscriptions are accounted for in the year in which they become due in full when received except when subscriptions received are for multiple years, in which case those additional years are deferred until the commencement of the appropriate accounting period. Outstanding amounts at the year-end that are considered to be recoverable are shown on the balance sheet.

### *f) Fund accounting*

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the Association and that have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated funds is set out in the notes to the financial statements.



Restricted funds are funds subject to restrictions imposed by donors or the nature of the appeal. The funds are not therefore available for work performed by British Orthopaedic Association other than that specified by the donor.

Endowment funds are comprised of bequests to the BOA which have been invested on the request of the donor to provide on-going fellowships and awards. The income from the endowment funds, Soli Lam Fund and Chatterjee Funds is regarded as restricted. See page 41 for further details.

#### *g) Donations and legacies*

Donations and legacies are included in full in the Statement of Financial Activities when the Charity is legally entitled to the income, when receipt is probable and when the amount can be quantified with sufficient reliability.

#### *h) Resources expended*

Charitable expenditure comprises expenditure related to the direct furtherance of the Association's charitable objectives. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with use of the resources.

Representation costs cover attendances by the President in his formal capacity at meetings of sister associations and travel and accommodation expenses of nominated British Orthopaedic Association representatives on relevant external organisations.

Staff costs are allocated on the percentage of time spent by staff on each project or aspect of the Association's charitable objectives.

Support costs comprise the operational costs of rent, overheads, IT, telephone, mailing, printing and stationery etc. that have not been directly allocated to projects or charitable activities. They contain some staff costs and are allocated on the same basis as staff costs on time spent by personnel on projects or charitable activities with the aim of ensuring that those costs remaining within governance relate to the strategic as opposed to day to day management of the charity's activities.

Governance costs include those incurred in the governance of its assets and are primarily associated with constitutional and statutory requirements. They are included within the statement of financial activities as a separate component of support costs.

Grants are charged to the statement of financial activities when a legal or constructive obligation exists notwithstanding that they may be paid in future accounting periods.

#### *i) Stocks*

Stocks are stated at the lower of cost and net realisable value. They consist of medals, cups, ties and publications. Publications are only included in stocks if they have a quantifiable lifespan beyond the year in which they are produced.

#### *j) Tangible fixed assets*

Tangible fixed assets costing more than £1,000 have been capitalised. They are stated at cost and amortised over their estimated useful lives on a straight line basis as follows:

- Computer equipment - 33% per annum
- Office equipment - 10% per annum
- Office refurbishment - 20% per annum

#### *k) Intangible fixed assets*

Intangible fixed assets costing more than £1,000 have been capitalised. Intangible fixed assets represent software costs capitalised in accordance with FRS102. These are stated at historical cost and amortised on a straight line basis over the period which revenue is expected to be generated (3 years).

Amortisation is recognised in the statement of financial activities as part of expenditure and is allocated across the expenditure headings on the same basis as Support & Governance costs.

#### *l) Operating leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### *m) Pensions*

The British Orthopaedic Association is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole; the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014. It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The British Orthopaedic Association accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102. The Trustee and Employers have agreed that the Technical Provisions deficit as the 31 March 2014 valuation will be addressed by the employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability to be recognised by The British Orthopaedic Association in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions) is £25,827 as at 31 December 2016. This liability is based on a projection of Salaries over the period to 31 March 2018.

#### *n) Taxation*

The British Orthopaedic Association is a registered charity. As such its sources of income and gains, received under Section 466 to 493 Corporation Tax Act 2010, are potentially exempt from taxation to the extent that they are applied exclusively to its charitable objectives. No tax charge has arisen in the year.

#### *o) Financial instruments*

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost except for investments which are subsequently measured at fair value with gains and losses recognised in the Statement of Financial Activities.

## Note 2: Investment income

Investment income for the year was derived from the following sources:

	2016 Unrestricted Funds £'000	2016 Restricted Funds £'000	2016 Endowment Funds £'000	2016 Total Funds £'000	2015 Total Funds £'000
Government Bonds	2.1	0.6	1.3	4.2	3.3
Bonds	14.5	2.9	6.8	24.2	21.7
Equities	60.0	11.0	39.4	110.4	104.1
Total dividends receivable	76.6	14.5	47.5	138.6	129.1
Bank interest receivable	-	-	-	-	0.1
	<b>76.6</b>	<b>14.5</b>	<b>47.5</b>	<b>138.6</b>	<b>129.2</b>

## Note 3: Total resources expended

	Direct Costs £'000	Grants £'000	Staff Costs (Note 14) £'000	Support Costs (Note 4) £'000	Governan ce Costs £'000	Total Costs 2016 £'000	Total Costs 2015 £'000
<b>Expenditure on:</b>							
Fundraising	17.6	-	27.0	15.5	5.9	66.0	68.8
<b>Charitable activities:</b>							
Membership	361.5	-	165.6	101.7	36.2	665.0	683.8
Education	737.7	-	346.4	205.9	75.8	1,365.8	1,449.7
Professional Practice	65.3	-	180.2	104.2	39.4	389.1	378.1
Representation	84.6	-	15.3	8.7	3.3	111.9	91.5
Getting It Right First Time	-	-	-	-	-	-	4.6
Research	2.1	-	3.4	1.9	0.7	8.1	7.8
Grants	-	74.9	7.5	4.3	1.6	88.3	88.1
Investments	33.2	-	7.9	4.6	1.7	47.4	49.4
Other Trading Activities	21.1	-	35.6	20.4	-	77.1	56.9
Other Costs	51.1	-	-	-	-	51.1	-
<b>Total expenditure</b>	<b>1,374.2</b>	<b>74.9</b>	<b>788.9</b>	<b>467.2</b>	<b>164.6</b>	<b>2,869.8</b>	<b>2,878.7</b>
Expenditure in support of activities	380.4	-	206.6	(467.2)	(119.8)	-	-
	<b>1,754.6</b>	<b>74.9</b>	<b>995.5</b>	<b>-</b>	<b>44.8</b>	<b>2,869.8</b>	<b>2,878.7</b>

## Note 4: Support costs

	Premises	Office	IT &	Finance	Sundry	BHS Support Costs	2016 Total
	£'000	Man £'000	Comms £'000	£'000	£'000	£'000	£'000
<b>Expenditure on:</b>							
Raising funds	5.0	1.2	4.0	4.6	0.6	-	15.4
<b>Charitable activities:</b>							
Membership	30.7	7.7	24.5	28.5	3.6	6.7	101.7
Education - Unrestricted	53.9	13.4	43.0	50.0	6.3	-	166.6
Education - Restricted	9.7	2.4	7.7	9.0	1.1	7.4	37.3
Education - Endowment	0.7	0.2	0.5	0.6	0.1	-	2.1
Professional Practice - Unrestricted	33.5	8.3	26.7	31.0	3.9	-	103.4
Professional Practice - Restricted	-	-	-	-	-	0.7	0.7
Representation	2.8	0.7	2.3	2.6	0.3	-	8.7
Research	0.6	0.2	0.5	0.6	0.1	-	2.0
Grants	1.4	0.3	1.1	1.3	0.2	-	4.3
Investments – Unrestricted	0.6	0.1	0.5	0.5	0.1	-	1.8
Investments – Restricted	0.3	0.1	0.2	0.3	-	-	0.9
Investments – Endowment	0.6	0.1	0.5	0.5	0.1	-	1.8
Other	6.6	1.6	5.3	6.1	0.8	-	20.4
<b>Total Expenditure</b>	<b>146.4</b>	<b>36.3</b>	<b>116.8</b>	<b>135.6</b>	<b>17.2</b>	<b>14.8</b>	<b>467.1</b>

### Governance Costs

	2016 £'000	2015 £'000
Professional Fees	15.9	15.8
Travel and subsistence	29.0	27.8
Staff Costs	76.2	74.2
Support Costs	43.6	53.0
	<b>164.7</b>	<b>170.8</b>

### Research Grants Awarded

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

	2016 £'000	2015 £'000
Outstanding liabilities at the start of the year	183.4	258.7
Awarded during the year	66.1	63.7
	<b>249.5</b>	<b>322.4</b>
Paid during the year	(65.6)	(139.0)
Cancelled grants	(80.8)	-
	<b>103.1</b>	<b>183.4</b>
Grants falling due within one year	103.1	159.8
Grants falling due after more than one year	-	23.6
	<b>103.1</b>	<b>183.4</b>

During the year we awarded £62.1 to the BOSRC (see page 5) and £4.0k to the James Lind Alliance to support Priority Setting Partnership (see page 5).

## Note 5: Net incoming resources

Net incoming resources are stated after charging:

	2016	2015
	£'000	£'000
Audit fees	16.9	16.8
Depreciation / Amortisation	23.1	32.5
Operating lease rentals: plant & machinery	16.8	16.8
Operating lease rentals: other	116.5	116.5

## Note 6: Tangible fixed assets

	Office equipment £'000	Office refurbishment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2016	13.3	162.0	71.5	246.8
Additions	-	-	-	-
Disposals	(4.3)	-	(56.0)	(60.3)
At 31 December 2016	9.0	162.0	15.5	186.5
<b>Depreciation</b>				
At 1 January 2016	10.6	162.0	71.5	244.1
Charges for the year	0.4	-	-	0.4
Disposals	(2.0)	-	(56.0)	(58.0)
At 31 December 2016	9.0	162.0	15.5	186.5
<b>Net book value</b>				
At 31 December 2016	-	-	-	-
At 31 December 2015	2.7	-	-	2.7

## Note 7: Intangible fixed assets

	Website £'000	Database £'000	Total £'000
<b>Cost</b>			
At 1 January 2016	123.6	67.9	191.5
Additions	-	-	-
Disposals	(123.6)	-	(123.6)
At 31 December 2016	-	67.9	67.9
<b>Depreciation</b>			
At 1 January 2016	123.5	22.6	146.1
Charge for year	0.1	22.6	22.7
Disposals	(123.6)	-	(123.6)
At 31 December 2016	-	45.2	45.2
<b>Net Book value</b>			
At 31 December 2016	-	22.7	22.7
At 31 December 2015	0.1	45.3	45.4

## Note 8: Investments

	<u>Total</u>
	<u>£'000</u>
Market Value at 1 January 2016	3,968.4
Additions at cost excl. S/Brokers cash	393.9
Disposals at market proceeds	(502.2)
Net investment gain	383.5
<b>Market value at 31 December 2016</b>	<b><u>4,243.6</u></b>

**Historical Cost at 31 December 2016** 3,330.3

### Investments held with Investec Wealth & Investment

	2016		2015	
	£'000	%	£'000	%
Fixed Interest	756.8	18%	767.3	19%
UK Equities	1,925.1	46%	1,850.5	47%
Overseas Equities	977.0	23%	791.8	20%
Property	313.7	7%	355.1	9%
Alternative Assets	271.0	6%	203.7	5%
<b>Market value at 31 December 2015</b>	<b><u>4,243.6</u></b>		<b><u>3,968.4</u></b>	

## Note 9: Debtors

	<u>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
Gift Aid recoverable	13.2	15.1
Trade Debtors	71.0	178.5
Other debtors	7.2	8.3
Prepayments	209.1	189.6
Accrued Income	406.1	117.9
Value added tax	9.3	-
Members' subscriptions in arrears	10.5	6.5
	<u>726.4</u>	<u>515.9</u>

Debtors include a Bad debt provision of £133.3k (2015: £88.3k) Bad debts written off in 2016 £0 (2015: £2.0k)

## Note 10: Creditors; amounts falling due within one year

	<u>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
Trade Creditors	109.6	150.8
Social Security	20.5	19.0
Sundry Creditors	65.3	57.3
Accruals	207.5	180.5
Deferred Income	105.4	132.3
JA Research grants	103.1	159.8
Value Added Tax	-	8.4
	<u>611.4</u>	<u>708.1</u>
Creditors Due over one year	-	23.6
	<b><u>611.4</u></b>	<b><u>731.7</u></b>

## Note 10: Creditors; amounts falling due within one year (Cont.)

### Movement on deferred income

	<b>Total 2016 £'000</b>
1 January 2016	132.4
Released in the year	(132.4)
Deferred in the year	105.4
	<b>105.4</b>

In 2016, the deferred income of £71.4k related to course registrations for courses due to take place in the first quarter of 2017 and £34k related to 2017 membership subscription income.

## Note 11: Creditors; Amounts falling due in more than one year

	<b>2016 £'000</b>	<b>2015 £'000</b>
Grants Payable – Research Grants	-	23.6

## Note 12: Net assets by funds

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

## Note 13: Total funds

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

### Restricted Funds Benevolent Fund

The fund exists to meet any successful claims for relief from poverty or distress that might arise from eligible members of the British Orthopaedic Association.

### Joint Action (JA) Research Fund

Joint Action was established to raise funds for orthopaedic research and to award grants to successful applicants.

### E-Learning Fund

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

### Casting Co-ordinator Fund

This fund existed to pay the salary of the Casting Co-ordinator. Funds will still be received for this purpose but will now form part of the 'other restricted funds' received by BOA.



## Note 13: Total funds (cont.)

### Howard Steel Foundation

Funds were received over a period of years from Dr Howard Steel that were restricted to pay an honorarium to a speaker whose speech content at the Annual Congress was of a non-orthopaedic nature. The first lecture took place at the Association's 1998 Annual Congress in Dublin.

### Naughton Dunn Memorial Lecture Fund

The fund was established from a donation received from Mrs Ethel Dunn to sponsor an annual memorial lecture in memory of her husband, a former President of the Association.

### Grants (ex Wishbone)

Donations received for orthopaedic research and for the awarding of research grants.

### British Hip Society

The British Hip Society has come under the BOA umbrella as an autonomous Trust with their investments and other funds being accounted for as a restricted item with in the BOA accounts. During the year this fund was the victim of a serious fraud and theft this continued post year end, it has been reported to Action Fraud and the Charity Commission.

### Other restricted funds

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

### Transfers

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

### Endowment Fund

An endowment of £300.0k was received in 2006 from Mr Soli Lam, a BOA member, the income from which was to support an annual fellowship in spinal surgery. The terms allow for a Spinal fellowship dependent on the returns from the capital. An endowment legacy of £529.1k was received from the estate of Mr Soli Lam in 2013; the income from this endowment is to support an annual traveling orthopaedic fellowship.

*An Endowment legacy of £262.1k was received from Mrs Margaret Slack this has been used to set up the Ram Kumar Chatterjee Award.*

## Note 14: Operating lease commitments

At 31 December 2016 the Association had annual commitments under non-cancellable operating leases as follows:

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Payment date:				
Within one year	116.5	15.8	116.5	16.8
Between two and five years	58.3	4.7	174.8	18.4
Over five years	-	-	-	-
	174.8	20.5	291.3	35.2

## Note 15: Financial instruments

	2016 £'000	2015 £'000
<b>Assets at amortised costs</b>		
Cash	1,618.2	1,453.5
Trade debtors	71.0	178.4
Other debtors	7.2	8.3
Accrued income	380.8	117.9
Member subscription debtors	10.5	6.5
	<b>2,087.7</b>	<b>1,764.6</b>
<b>Liabilities at amortised costs</b>		
Trade creditors	103.4	150.8
Accruals	207.5	180.5
Other Creditors	174.6	217.1
	<b>485.5</b>	<b>548.4</b>
<b>Assets at fair value</b>		
Investments	<b>4,243.6</b>	<b>3,968.4</b>

## Note 16: Staff Costs

	2016 £'000	2015 £'000
Wages and salaries *	777.3	749.0
Social Security costs	71.3	66.0
Pension costs **	76.7	124.2
Other staff costs	70.2	46.2
	<b>995.5</b>	<b>985.4</b>

\* In 2016, redundancy and termination payments totalling £41.8k were made to ex-employees (2015: £16.4k)

\*\* In 2016, the Pension provision for the additional 3% contribution going towards the pension deficit was £25.8k (2015: £41.4k)

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

	2016 Number	2015 Number
£80,000 - £90,000	1	1

The total remuneration to key management for the year was £359.6k (2015: £357.4k)

The average number of employees analysed by function was:

	2016 Number	2015 Number
Fundraising	1	1
Membership	2	2
Annual Congress	5	5
Courses and Exams	2	2
Education & Professional Practice	6	6
Publications	2	2
Governance	1	1
	<b>19</b>	<b>19</b>

No Trustee received remuneration during the year (2010: Nil). Out of pocket expenses for 18 Trustees (2015: 18) were £26.3k (2015: £51.1k). This includes outstanding amounts at the year-end of £2.3k (2015: £1.0k)

### **Pension Scheme**

The British Orthopaedic Association participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and is contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section will close from 31 March 2016 and all Members will build up benefits on a CARE basis from 1 April 2016.

The British Orthopaedic Association is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

### **Funding Policy**

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions did not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2014. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017.

The Trustee and Employers have agreed that the Technical Provisions deficit at the 31 March 2014 valuation will be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions will, therefore, increase from 13% of Salaries to 16% of Salaries with effect from 1 April 2016.

### **Accounting Policy**

The British Orthopaedic Association is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole; the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The British Orthopaedic Association accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

The Trustee and Employers have agreed that the Technical Provisions deficit as the 31 March 2014 valuation will be addressed by the employer contribution of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The defined benefit liability to be recognised by The British Orthopaedic Association in respect of the deficit contributions due to SAUL (i.e. the present value of the deficit contributions) is £25.8k as at 31 December 2016. This liability is based on a projection of Salaries over the period to 31 March 2018.

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2014 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

<b>Latest actuarial valuation</b>	<b>31.03.2014</b>	<b>31.3.2011</b>	
Investment return per annum	3.86%	4.70%	
Salary scale increases per annum	3.72%	3.75%	To 31/04/2014
		4.5%	thereafter
Pension increases per annum	2.72%	2.80%	
Market value of assets	£1,927 Million	£1,506 Million	
Liabilities at date of last valuation	£1,986 Million	£1,581 Million	
(Deficit)/surplus in scheme	(£59 million)	(£75 million)	
Proportion of accrued benefits covered by the actuarial value	97%	95%	

<b>The total pension cost for the Association was:</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31-Dec-16</b>	<b>31-Dec-15</b>
	<b>£'000</b>	<b>£'000</b>
Contributions to SAUL	88.4	79.6
Other Pension Costs	3.8	3.2
Pension Deficit Provision	(15.5)	41.4
<b>Total Pension cost</b>	<b>76.7</b>	<b>124.2</b>

The employers contribute 13% of salaries plus an additional 3% toward to the pension deficit staff members' contribute 6.0% of salaries.

It is not possible to identify the Association's share of the underlying assets and liabilities of the scheme. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are equal to the contribution payable for the year in accordance with FRS102.

#### **Note 17: Related Parties**

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