



College of Occupational Therapists Limited

Annual Report of Council

30 September 2010

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Report of Council (incorporating the Trustees' Report and the Directors' Report)

Council presents the report and financial statements of the College of Occupational Therapists Limited ("College") for the year ended 30 September 2010. The financial statements comply with the Statement of Recommended Practice for Accounting and Reporting by Charities issued in March 2005 ("SORP"), applicable accounting standards and the Companies Act 2006.

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

Ms J Scott

Registered Office

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

Legal and Administrative Information

Charity name College of Occupational Therapists Limited

Charity registration numbers:

England and Wales 275119

Scotland SCO39573

Company registration number 1347374

Registered Office 106-114 Borough High Street
Southwark
London SE1 1LB

Trustees

The business of the College is managed by the members of its Council. Council members are trustees for the purpose of charity law and directors for the purpose of company law. Council members do not receive remuneration and have no beneficial interest in the share capital of the company. Members who have served on Council during the year are shown on pages 4 and 5 of this report.

Company Secretary Julia Scott

Business Management Group

Chief Executive	Julia Scott
Head of Human Resources	Diana Atkinson
Head of Education and Learning	Anna Clampin
Head of Professional Practice	Peggy Frost
Head of Marketing	Caroline Jones
Head of Finance	Phillip Lennon
Director of Professional Operations	Julia Skelton
Head of Membership & External Affairs	Beryl Steeden
Head of Research & Development	Liz White

Auditors

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

Bankers

HSBC Bank Plc, 2 Craven Road, Paddington, London, W2 3PY

Investment Managers

Williams de Broe Ltd, Austin Friars House, 2 – 6 Austin Friars, London EC2N 2HD

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4 1BN

Structure, Governance and Management

Governing document

The College is a company limited by shares and a registered charity and is governed by its Memorandum and Articles of Association.

The British Association of Occupational Therapists Limited (“BAOT”) is the holding company for the College. BAOT is the professional association and trade union for occupational therapists in the UK.

Recruitment and appointment of Council Members

The composition, appointment, election and retirement of members of Council are governed by the Council Rules.

All the Council members are members of the profession either as professional or associate members. Currently, there are 20 members that can be appointed to Council. This arrangement allows Council to have available the necessary experience from the broad range of occupational therapists in the UK.

Council members are appointed for a three-year term commencing from the Annual General Meeting in June each year. Because of the staggered nature of their appointment, there will be some Council members that come to the end of their term of office every year. Nominations for new Council members have to be received in March each year. If more than one person is nominated for any vacancy on Council, then there is a formal election process involving the membership and conducted using independent scrutineers.

Induction and training of Council Members

All new Council members are provided with an induction pack that comprises all of the formal documents relating to the governance of the College together with the relevant Charity Commission publications and other general guidance regarding the management and administration of the organisation. All new Council members then attend a formal training day at the College when they meet with the Chairman, Vice-Chairmen and the Business Management Group. The new Council members also receive various presentations during the day, particularly around their legal and financial responsibilities. They are also briefed on the organisation’s policy on conflict of interest and required to complete (and keep up-to-date) a declaration of interest return. There is also the opportunity to raise questions and discuss areas of particular concern or interest.

All Council members are provided with professional advice and training as required either by staff or by independent advisers, as appropriate. Council members are kept updated on current good practice by the company secretariat.

All these procedures are kept under regular review.

Organisational structure

Council members meet together as a Council four times a year. In addition, there are a number of Boards and Committees that report into Council and these all operate under their agreed Terms of Reference. These Boards and Committees comprise, in the main, a trustee along with other members of the profession and, generally, meet three times a year.

Council's principal responsibilities are governance, strategy, planning and significant operational decisions. Council has delegated most aspects of day-to-day management for the organisation to the Chief Executive, assisted by a group of senior managers. Council approves the delegation of financial authority through the Chief Executive with specific limits imposed within an approved scheme of delegation.

Risk management

The College 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.

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

Objectives and Activities

The principal objectives of the College are the promotion of the science of occupational therapy and the training, education and continuing development of occupational therapists.

In setting these objectives and developing its strategic plan, the College has given careful consideration to the public benefit as it relates to its charitable purposes. In particular, Council members (as the charity trustees) believe that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance as published by the Charity Commission. The College aims to contribute to the public good in everything that it does across the whole of the United Kingdom (UK). It seeks to achieve this by ensuring that:

- The occupational therapy profession is focused on helping to improve the health and wellbeing of the UK population.
- The public is made aware of how occupational therapy can benefit individuals and make a positive difference to their lives.
- Users of occupational therapy services receive professional, evidence-informed services
- Occupational therapists have access to Continuing Professional Development guidance and advice that helps them to optimise their competencies and so provide high quality care for both service users and carers.
- Occupational therapists are supported and kept well informed so that they can anticipate and react to changing needs and demands.

The College sets the professional and educational standards for occupational therapy. It provides leadership, guidance and information relating to research and development, education, practice and lifelong learning.

The College has a 5-year strategic plan for the years 2008/09 to 2012/13 with three main aims:

1. *Supporting members*

With the focus on guiding members throughout their studies and their careers as well as keeping them up to date with new developments, the College is responding to the progress and change that is taking place within health and social care to help members meet the needs of service users.

2. *Providing leadership and increasing the profile of the profession*

The College works with its members, influencers and stakeholders to promote the value and benefits of occupational therapy at every level in order to cement the profession's place in health and social care. The College also campaigns and seeks representation on relevant working parties, committees and government groups to ensure that the 'occupational therapy' voice is heard.

3. *Sustaining the profession*

As the professional body, the College acts for and on behalf of its members. It strives to ensure that the organisation is well-managed and fit for purpose so that it remains the custodian of the unique body of knowledge that sustains the profession.

The College uses occupational therapists and associates as volunteers, primarily as members of Boards and Committees and to run the College's branches (specialist sections and regions). There are over 350 volunteers involved with the College at any one time. No financial value has been attributed to the work performed by these volunteers. Nevertheless, the work is considered vital to the activities of the College.

Achievements and Performance

Each year, Council approves a business plan, which is then broken down into individual group and departmental action plans. A large amount of effort is required to maintain the momentum of existing initiatives and "work-in-progress" and to maintain our existing market share of qualified occupational therapists (currently at 75%). Some of the more notable achievements in the year relating to the College's charitable activities were:

- Promoting the profession – the College commissioned a series of promotional film vignettes, the majority featuring service users explaining how their occupational therapist has made a positive difference to their lives. All of the films have received very positive reviews and are available on YouTube.
- Healthcare profile – the College has successfully influenced groups that shape the national information management agendas of the four countries. Importantly, this means that occupational therapy assessments and interventions can now be incorporated into electronic patient records and, in particular, that occupational therapy is included in the 'Choose and Book' system which allows GPs to see the occupational therapy services available and refer their users electronically.
- Political profile – acting as the voice of the profession, the College actively lobbied delegates at all three main party conferences in the autumn. Earlier in the year for the General Election, the College produced its own manifesto which was endorsed by the frontbench teams of the three main parties as well as by over 100 candidates across all the political parties.
- Member Resources – with funding from the Department of Works and Pensions, the College developed an online e-learning which allows members to expand their knowledge and skills around work, including Vocational Rehabilitation. In another joint project with Coventry University, the College developed members' knowledge and skills around assistive technology using a series of case scenarios.

The College attempts to maximise the impact of those factors over which it has control. At the same time, the College acknowledges that there are a number of key factors over which it has little or no control. In particular, the majority of its members continue to work

for statutory authorities in health, social care and education. As such, the profession has a large exposure to government control, planning and funding. In addition, the professional body is not the official regulator. This role is performed by an independent body – the Health Professions Council (HPC). Occupational therapists who wish to practice have to pay their fees to HPC and then decide on whether they wish to make a further (discretionary) expenditure to join their professional body.

While the College does have control over its own level of subscriptions, the other main income stream over recent years has been recruitment advertising. However, this was always a fickle income stream and, as the College was anticipating, the income from this source has now started to decline.

The College monitors the impact of all these factors closely and incorporates them, as appropriate, into its risk register.

Financial Review

Council is pleased to report that, against these difficult economic circumstances, the College's financial position remains strong. During the last few years, the continued financial stability and strength has enabled the College to pursue and sustain its objectives. Nevertheless, Council recognises that the financial climate has changed significantly during the recent economic recession and that this will require careful and considered decisions in order to successfully steer the organisation through what some commentators are calling 'the age of austerity'.

While there was an increase in the year in income from member subscriptions, events and professional activities, there were large decreases in both advertising and investment income. Consequently, total income for the year decreased by 5% to £6.7m (2009 - £7.1m).

Membership subscriptions are initially paid to BAOT, which has an agreement with UNISON to provide industrial relations services. After payment of the costs of industrial relations services, BAOT transfers the balance of member subscriptions to the College in order to further the work of the College. This year, the balance of subscriptions transferred increased by over 5% to £4.2m (2009 - £4.0m).

Nevertheless, this balance of subscriptions remains insufficient on its own to cover the normal level of expenditure in the College. Consequently, the College is actively seeking ways to manage its income up and to manage its costs down.

The total expenditure by the College in the year was £7.8 m (2009 - £6.7m). 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 this 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 College's net worth.

Of the total expenditure in the year, nearly all was spent on charitable activities (£7.5m compared to £6.5m 2009). The breakdown of this expenditure demonstrates that the costs of journals, conferences and events and professional activities provided to members are more than the income that is generated from these sources – and that they are subsidised by the income from membership subscriptions.

The balance of expenditure (some £258k) is spent predominantly on governance costs. These costs include the costs of the annual audit, the costs of Council and its subsidiary Boards and Committees as well as a proportion of the costs of the Company Secretariat and Chief Executive that relate to governance, as opposed to operational, management.

The operating deficit for the year was, therefore, £1,089k. While there was a gain on investments of over £170k, this was also another year with an actuarial loss on the defined benefit pension scheme of £862k. Consequently, there was an overall deficit for the year of £1.8m (2009 – deficit of £0.6m). The total charitable funds of the College decreased to £11.9m (2009 - £13.7m) of which £5.0m was on long-term deposit with the money market.

Reserves

The College's unrestricted and undesignated funds amounted to £11.8m of which £1.2m is invested in fixed assets, £1.7m in long-term investments and £5.0m held as cash as a longer-term investment. This leaves £3.9m as free reserves for working capital needs. This level of free reserves is just below the minimum level as set out in the College's policy, which sets a range of 26 - 52 weeks' of future budgeted expenditure as an acceptable level for reserves.

Investments

Under the terms of its Memorandum of Association, the College has the power to invest funds not immediately required for its purposes in such investments as it thinks fit. Council has approved a formal policy on investments. This policy incorporates Council's cautious and prudent attitude to risk whilst reflecting its ability to be able to concentrate more on growth than income.

Part of the College's investments is invested with professional investment fund managers. The balance is invested on the money market while the details of the planned investment strategy are finalised. This strategy will avoid undue speculation and investments that are deemed to be illiquid. Council has reviewed its policy on ethical investments and confirmed its decision not to hold any investments in arms and tobacco companies.

The College has agreed with the investment manager to use the WM Total Charities index as the performance benchmark. The actual return for the College's portfolio in the financial year 2009/10 outperformed the benchmark (12.4% compared to 11.2%). The twelve-year cumulative performance has also outperformed the benchmark: actual return of 88% compared to the benchmark of 68%.

Council monitors the performance of investments against benchmarks annually as well as receiving a report from the investment managers on investment performance and compliance with ethical restrictions.

Grant-making

The College is not a grant-making charity. However, it does administer the awards of certain Restricted Funds. The details of these awards are set out in Note 15 of these accounts.

Plans for Future Periods

The College is now working to the aims and priorities of its strategic plan covering the years 2008 to 2013. In doing so, the College 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 College so that its core charitable activities are sustainable from its core income. A major imperative will be the emphasis on managing an increase to the College's 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, the College will need to concentrate on continuing to attract student members and then converting them to full membership upon graduation.

As identified earlier on, the College 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 College 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 College is progressing the development of its revised Content Management System which will revitalise the website and facilitate online services. Finally, the College will then review its IT support and maintenance arrangements.

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

Statement Of Council's Responsibilities

Council is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires Council to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the College and of the incoming resources and application of resources, including the net income or expenditure, of the College for the year. In preparing those financial statements the Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 College will continue in business.

Council is responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations made thereunder. It is also responsible for safeguarding the assets of the College 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 financial information included on the College'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.

Each of the Council members have confirmed that, so far as they are aware, there is no relevant audit information of which the College'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 College's auditors are aware of that information.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF COLLEGE OF OCCUPATIONAL THERAPISTS LIMITED

We have audited the financial statements of College of Occupational Therapists Limited for the year ended 30 September 2010 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the College's members as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the College's trustees as a body, in accordance with regulations made under section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the College's members and trustees 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 College, the College's members as a body and the College's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council (trustees) and auditors

The responsibilities of the Council members (who are also the directors of the company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') and for being satisfied that the financial statements give a true and fair view are set out in the statement of Council's responsibilities.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts and regulations made under them.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Report of Council is consistent with those financial statements.

In addition we report to you if, in our opinion, the College has not kept adequate and proper accounting records, if the College's financial statements are not in agreement with those accounting records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of Council and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the College's affairs as at 30 September 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Report of Council is consistent with the financial statements.

Charles Cox

Senior statutory auditor

For and on behalf of PKF (UK) LLP, Statutory auditors

PKF (UK) LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

London, UK

**STATEMENT OF FINANCIAL ACTIVITIES (incorporating the Income and Expenditure Account)
for the year ended 30 September 2010**

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Incoming Resources						
Incoming resources from charitable activities:						
Membership subscriptions		4,310,170	198,930	-	4,509,100	4,335,508
Journals		1,185,247	15,553	-	1,200,800	1,693,060
Conferences and events		265,835	103,577	-	369,412	344,603
Professional activities		423,552	-	-	423,552	367,513
Incoming resources from generated funds:						
Investment income		126,998	1,601	437	129,036	286,854
Other incoming resources		15,330	26,270	69,372	110,972	76,700
Intangible Income		-	-	-	-	9,995
Total Incoming Resources		<u>6,327,132</u>	<u>345,931</u>	<u>69,809</u>	<u>6,742,872</u>	<u>7,114,233</u>
Resources Expended						
Charitable activities						
Membership administration		292,703	-	-	292,703	290,763
Journals		1,882,524	28,718	-	1,911,242	1,963,969
Conferences and events		956,469	176,710	-	1,133,179	1,072,288
Professional activities		3,353,528	(36,749)	11,346	3,328,125	3,113,791
Write-down of freehold building	10	907,667	-	-	907,667	-
	2	7,392,891	168,679	11,346	7,572,916	6,440,811
Cost of generating funds						
Investment management costs		8,374	-	-	8,374	8,010
Governance costs	3	250,102	-	-	250,102	234,766
Total Resources Expended		<u>7,651,367</u>	<u>168,679</u>	<u>11,346</u>	<u>7,831,392</u>	<u>6,683,587</u>
Net (outgoing) / incoming resources		(1,324,235)	177,252	58,463	(1,088,520)	430,646
Other recognised gains and losses						
Realised and unrealised gains on investment assets	11	169,733	-	581	170,314	203,229
Actuarial losses on defined benefit scheme	9	-	(862,000)	-	(862,000)	(1,186,000)
Net movement in funds		<u>(1,154,502)</u>	<u>(684,748)</u>	<u>59,044</u>	<u>(1,780,206)</u>	<u>(552,125)</u>
Balances brought forward at 1 October		14,290,188	(618,344)	48,912	13,720,756	14,272,881
Balances carried forward at 30 September		<u>13,135,686</u>	<u>(1,303,092)</u>	<u>107,956</u>	<u>11,940,550</u>	<u>13,720,756</u>

All amounts derive from continuing activities. All gains and losses in the year were recognised in the Statement of Financial Activities.

The deficit for the year for Companies Act purposes was £(1,053,084) comprising net outgoing resources for the year of £(1,088,520) less the realised gains on investments of £35,436. (2009: surplus of £370,506 comprising net incoming resources of £430,646 less the realised losses on investments of £60,140).

Company House Number: 1347374

BALANCE SHEET
at 30 September 2010

	<i>Note</i>	2010		2009	
		£	£	£	£
Fixed Assets					
Tangible assets	<i>10</i>		1,195,451		1,894,182
Investments	<i>11</i>		1,762,686		1,568,357
Cash held as investment			<u>5,000,000</u>		<u>5,000,000</u>
			7,958,137		8,462,539
Current Assets					
Stock			-		-
Debtors	<i>12</i>		401,833		449,836
Cash at bank and in hand			<u>5,966,878</u>		<u>6,387,306</u>
			6,368,711		6,837,142
Creditors					
Amounts falling due within one year	<i>13</i>		<u>(696,295)</u>		<u>(475,922)</u>
NET CURRENT ASSETS			5,672,416		6,361,220
Pension scheme liability	<i>9</i>		<u>(1,690,000)</u>		<u>(1,103,000)</u>
NET ASSETS			<u>11,940,553</u>		<u>13,720,759</u>
Share Capital	<i>14</i>		3		3
Funds					
Restricted	<i>15</i>		107,956		48,912
Designated – Pension Scheme	<i>16</i>		(1,690,000)		(1,103,000)
- Other	<i>16</i>		386,908		484,656
Unrestricted			<u>13,135,686</u>		<u>14,290,188</u>
	<i>17</i>		11,940,550		13,720,756
CAPITAL and RESERVES			<u>11,940,553</u>		<u>13,720,759</u>

Approved by Council and authorised for issue on 6 April 2011

Naomi Hankinson– Chairman

Colin Jones – Vice Chairman

CASH FLOW STATEMENT
for the year ended 30 September 2010

Reconciliation of net incoming resources to net cash flow from operating activities

	2010	2009
	£	£
Net (outgoing) / incoming resources	(1,088,520)	430,646
Depreciation	98,672	110,507
Disposal of assets <i>(Note 10)</i>	907,667	218
(Increase) in pension fund <i>(Note 9)</i>	(275,000)	(75,000)
Decrease in stock	-	47,416
Decrease in debtors	48,003	267,337
Increase / (Decrease) in creditors	220,373	(89,133)
Investment income	(129,036)	(286,854)
Net cash (outflow) /inflow from operating activities	(217,841)	405,137
Cash flow statement		
Net cash (outflow) / inflow from operating activities	(217,841)	405,137
Returns on investments and servicing of finance	129,036	286,854
Capital expenditure		
Amounts paid to acquire investments	(501,378)	(656,382)
Amounts received on disposal of investments	435,993	294,694
Amounts paid to acquire tangible fixed assets	(307,608)	(8,609)
(Decrease) / Increase before management of liquid resources	(461,798)	321,694
Management of liquid resources <i>(Note 19)</i>	-	5,000,000
(Decrease) / Increase in cash in the year	(461,798)	5,321,694
Reconciliation of net cash flow to movement in net funds <i>(Note 19)</i>		
(Decrease) / Increase in cash in the year	(461,798)	5,321,694
Cash (outflow) from liquid resources	-	(5,000,000)
Change in net funds	(461,798)	321,694
Net funds at 1 October	11,435,625	11,113,931
Net funds at 30 September <i>(Note 19)</i>	10,973,827	11,435,625

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

a) *Basis of Accounting*

The financial statements have been prepared under the historical cost convention as modified by the valuation of fixed asset investments and in accordance with applicable accounting standards having regard to the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. Results of Specialist Sections and Regions are aggregated in the financial statements.

b) *Incoming Resources*

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. Intangible income is included where a third party bears the financial cost of the resources supplied to the College.

Of the total membership subscriptions received by BAOT, 27% (2009 - 28%) is retained to meet industrial relations and administrative costs. The balance of 73% (2009 - 72%) is transferred to the College to support its activities.

c) *Resources Expended*

The costs of the College'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.
- 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.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES Cont'd

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

d) 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 estimated 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.

e) Stock

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

f) Investments

Investments are included in the balance sheet at market value and any unrealised gains or losses are included in the Statement of Financial Activities ("SOFA").

g) Funds

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

Unrestricted funds are available for use by the College 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.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES Cont'd

h) *Liquid resources*

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

i) *Pensions*

The College 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 SOFA so as to spread the cost of pensions over the working lives of the employees.

j) *Recognition of Liabilities*

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

k) *Grants Payable*

The College 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.

NOTES TO THE ACCOUNTS

2. CHARITABLE ACTIVITIES

	Direct Costs £	Support Costs £	Total 2010 £	Total 2009 £
Unrestricted Funds				
Membership subscriptions	198,425	94,278	292,703	290,763
Journals	1,514,838	367,686	1,882,524	1,928,412
Conferences and events	720,773	235,696	956,469	951,389
Professional activities	2,639,134	714,394	3,353,528	3,030,630
Write-down of freehold building	907,667	-	907,667	-
Total Unrestricted	<u>5,980,837</u>	<u>1,412,054</u>	<u>7,392,891</u>	<u>6,201,194</u>
Designated Funds				
Journals	28,718	-	28,718	35,557
Conferences and events	176,710	-	176,710	120,899
Professional activities	(36,749)	-	(36,749)	81,936
Total Designated	<u>168,679</u>	<u>-</u>	<u>168,679</u>	<u>238,392</u>
Restricted Funds				
Professional activities	11,346	-	11,346	1,225
Total Charitable Activities	<u>6,160,862</u>	<u>1,412,054</u>	<u>7,572,916</u>	<u>6,440,811</u>

3. GOVERNANCE COSTS

The costs associated with the governance of the charity are:

	2010 £	2009 £
Company Secretariat	136,124	123,029
Council and Committees	92,855	90,927
Annual audit of the College and audit and independent report of its branches	21,123	20,810
Total Governance Costs	<u>250,102</u>	<u>234,766</u>

The figure for Company Secretariat costs relates to that proportion of the staff costs for three individuals that is associated with their activities in regard to governance rather than general business management.

NOTES TO THE ACCOUNTS

4. SUPPORT COSTS

	2010	2009
	£	£
Staffing Costs	521,200	504,913
Facilities and Infrastructure	611,960	544,646
Depreciation	98,672	110,507
General Administration	180,222	250,030
Total Support Costs	<u>1,412,054</u>	<u>1,410,096</u>

Staffing costs include the adjustment for FRS17 which totalled a credit of £310,000 in 2010 (2009 – a credit of £105,000). The other items of cost included under this heading are set out in Note 6. No support costs have been charged to either Restricted funds or Governance costs because the effect is not material and disproportionate in effort and cost to calculate.

5. AUDITORS' FEES

The fees of the College's auditors comprise £17,850 (2009 - £17,400) for audit work and £7,550 (2009 - £16,435) for other assignments, primarily VAT advice.

6. STAFF COSTS

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

NOTES TO THE ACCOUNTS

6. STAFF COSTS Cont'd

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

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

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

	2010 number	2009 Number
£60,001 - £70,000	5	6
£70,001 - £80,000	1	1

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

7. COUNCIL MEMBERS

No remuneration was paid directly to any member of Council. There was no payment in the year (2009 –£9,995) by the College's parent company (BAOT) 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).

The College paid £4,998 (2009 - £4,988) to provide Charity Trustee insurance cover.

NOTES TO THE ACCOUNTS

8. TAXATION

The College is a registered charity and is not subject to Corporation Tax on income arising from its charitable activities.

9. PENSION COSTS

The College 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):

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

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
Total Fair Value of Assets	5.94%	6,324	6.05%	5,174

NOTES TO THE ACCOUNTS

9. PENSION COSTS Cont'd.

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
Recognised Pension Liability	(1,690)	(1,103)

Total Expense Recognised in the Statement of Financial Activities (SOFA)

	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)
Total SOFA Charge	545	401

Changes in the present value of the defined benefit obligation

	30/09/2010 £000's	30/09/2009 £000's
Opening defined benefit obligation	6,277	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)
Closing defined benefit obligation	8,014	6,277

NOTES TO THE ACCOUNTS

9. PENSION COSTS Cont'd.

Changes in the fair value of Scheme Assets

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

Total Amount Recognised in the Statement of Financial Activities (SOFA)

	30/09/2010 £000's	30/09/2009 £000's
Pension Scheme (Liability) /Asset at start of year	(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
SOFA Losses	(862)	(1,186)
Employer contributions	820	476
Pension Scheme Liability at end of year	(1,690)	(1,103)

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
Actual less Expected Return on Scheme Assets	170	248

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

NOTES TO THE ACCOUNTS

9. PENSION COSTS Cont'd.

Amount for the Current and Previous Four Periods:

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

NOTES TO THE ACCOUNTS

10. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Furniture & Fittings £	Computers & IT £	Total £
Cost				
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	<u>1,438,777</u>	<u>39,215</u>	<u>121,904</u>	<u>1,599,896</u>
Depreciation				
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	<u>286,217</u>	<u>34,132</u>	<u>84,096</u>	<u>404,445</u>
Net Book Value				
At 30 September 2010	<u>1,152,560</u>	<u>5,083</u>	<u>37,808</u>	<u>1,195,451</u>
At 30 September 2009	<u>1,795,062</u>	<u>27,452</u>	<u>71,668</u>	<u>1,894,182</u>

All assets are used for the charitable activities of the College.

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 shown as a separate item in the SOFA.

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

NOTES TO THE ACCOUNTS

11. 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
Sub-total	<u>1,520,038</u>	-	<u>501,378</u>	<u>(435,993)</u>	<u>170,314</u>	<u>1,755,737</u>
Cash held in investment portfolio	<u>48,319</u>					<u>6,949</u>
TOTAL	<u>1,568,357</u>					<u>1,762,686</u>

The total cost of investments held by the College 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

12. DEBTORS

	2010 £	2009 £
Amounts due within one year		
Trade Debtors	159,253	251,319
Due from Parent Undertaking	2,905	-
Other Debtors	24,229	102,630
Prepayments and Accrued Income	162,497	95,887
Other Taxes	52,949	-
	<hr/> 401,833	<hr/> 449,836

13. CREDITORS

	2010 £	2009 £
Amounts due within one year		
Trade Creditors	368,134	182,868
Due to Parent Undertaking	-	127,711
Other Taxes & Social Security	74,964	16,848
Other Creditors	109,613	6,308
Accruals & Deferred Income	143,584	142,187
	<hr/> 696,295	<hr/> 475,922

The amount of Deferred Income at the beginning of the year was £42,557. During the year, the whole of this amount was released to the SOFA, while a further £9,663 of income was created. The balance of Deferred Income at 30 September 2010 was £9,663.

14. SHARE CAPITAL

	2010 £	2009 £
Authorised Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid Ordinary shares of £1 each	<u>3</u>	<u>3</u>

NOTES TO THE ACCOUNTS

15. RESTRICTED FUNDS

	Balance 1/10/09 £	Incoming Resources £	Resources Expended £	Net Gains £	Balance 30/9/10 £
Benevolent Fund	29,240	262	-	348	29,850
ISP Annual Award	-	35,000	-	-	35,000
ISP Scholarship	-	20,000	-	-	20,000
Elizabeth Casson	-	14,372	(7,500)	-	6,872
Innovation Award	10,334	92	(1,920)	123	8,629
International Travel Award	4,838	43	(976)	57	3,962
Student Award	4,500	40	(950)	53	3,643
	<u>48,912</u>	<u>69,809</u>	<u>(11,346)</u>	<u>581</u>	<u>107,956</u>

All of the grants paid under Resources Expended were awarded to individuals.
 The purpose of each fund / award is as follows:

- **Benevolent Fund:** provides assistance to occupational therapists who are experiencing financial difficulties.
- **ISP Annual Award:** provides support for an individual occupational therapist towards a research activity in a topic relevant to occupational therapy, mental health and social psychiatry.
- **ISP Scholarship:** provides support for doctoral or early post-doctoral research activity which is relevant to occupational therapy and social psychiatry.
- **Elizabeth Casson:** provides support for doctoral or early post-doctoral research activity which must have a focus on return to work.
- **Innovation Award:** provides support to innovative and developmental occupational therapy projects, especially those with an emphasis on service users and professional practice.

NOTES TO THE ACCOUNTS

15. RESTRICTED FUNDS Cont'd

- **International Travel Award:** provides support to members' active participation in an overseas activity that will benefit the development of occupational therapy.
- **Student Award:** provides support to pre-registration activity which has a focus on the development of occupational therapy and its benefit to service users.

16. DESIGNATED FUNDS

	Balance 1/10/09 £	Incoming Resources £	Resources Expended £	Actuarial Losses £	Balance 30/9/10 £
Pension scheme	(1,103,000)	(35,000)	310,000	(862,000)	(1,690,000)
College branches	372,889	378,544	(364,525)	-	386,908
Research priorities	111,767	2,387	(114,154)	-	-
	<u>(618,344)</u>	<u>345,931</u>	<u>(168,679)</u>	<u>(862,000)</u>	<u>(1,303,092)</u>

The Pension scheme reflects Council's commitment to fund the existing defined benefit pension scheme.

The funds for College branches support the specific activities of the various groups of the College that are organised both geographically and by clinical specialism.

Research priorities relate to three specific research projects that COT has commissioned from three UK universities. All of these projects were completed in the year.

NOTES TO THE ACCOUNTS

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Pension Liability £	Total £
Restricted Funds	-	6,013	101,943	-	107,956
Designated Funds	-	-	386,908	(1,690,000)	(1,303,092)
Unrestricted Funds	1,195,451	6,756,673	5,183,562	-	13,135,686
	<u>1,195,451</u>	<u>6,762,686</u>	<u>5,672,413</u>	<u>(1,690,000)</u>	<u>11,940,550</u>

18. RECONCILIATION OF MOVEMENT IN SHARE CAPITAL AND CHARITABLE FUNDS

	2010 £	2009 £
Net Deficit for the financial year	(1,780,206)	(552,125)
Shareholders' funds at 1 October	13,720,759	14,272,884
Shareholders' funds at 30 September	<u>11,940,553</u>	<u>13,720,759</u>

NOTES TO THE ACCOUNTS

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 October 2009	Cashflows	At 30 September 2010
	£	£	£
Cash at bank and in hand	6,387,306	(420,428)	5,966,878
Cash held in investment portfolio	48,319	(41,370)	6,949
	<u>6,435,625</u>	<u>(461,798)</u>	<u>5,973,827</u>
Cash held as investment	5,000,000	-	5,000,000
	<u>11,435,625</u>	<u>(461,798)</u>	<u>10,973,827</u>

20. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The parent undertaking and ultimate controlling party of the company is the British Association of Occupational Therapists Limited ("BAOT"), which is registered in England and Wales.

21. RELATED PARTIES

All members of the Council of the College are also members of the Council of BAOT, the parent undertaking of the College. The subscriptions of Council members are paid by the individual Council members at the normal rates and carry no special rights or privileges. In addition, as part of their work, Council members may attend courses provided and receive journals produced by the College. These services are all provided on an arm's length basis at normal rates.

During the year, one Council member (Naomi Hankinson) acted as a consultant for the College'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.