



# THE BRITISH SCHOOL OF OSTEOPATHY

Annual Report and Financial Statements  
year ended 31 July 2006

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## Report of the Directors

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### Introduction

The School has had another very successful year with strong student recruitment following on from the collaborative arrangement with the University of Bedfordshire which has enabled our students to receive public funding.

Dr Martin Collins announced his intention to step down as Principal and Chief Executive in April 2005 and the Board began the process of recruiting his replacement in early September 2005. A sub-group of the Board was charged with the responsibility of finding the best person for the post who would build on the excellent work of Dr Collins; and working with a firm of head-hunters the post was advertised nationally in November 2005 and interviews for the post were undertaken in early 2006. The Board were delighted to appoint Charles Hunt in May 2006 as Principal and Chief Executive. He was previously Vice Principal (Professional) at the School and has been involved in a teaching capacity as a clinic tutor since January 1990 and then as Head of Clinic Faculty and Head of Clinical Practice. He brings a wealth of experience in osteopathic clinical education and has the energy to carry the School forward as it continues to grow.

The Board would like to thank Dr Martin Collins for all his hard work over the term of his Principalship during which time so much was achieved. Martin took the School through its bedding-in period following relocation and then led it through many changes. His achievements are too many to list but include the first visit by the General Osteopathic Council which saw the course gain RQ (Recognised Qualification) status and the successful collaborative agreement with the University of Bedfordshire.

During the year, the School has been moving forward with a revalidation of its undergraduate programme as well as a successful inspection by the Quality Assurance Agency (QAA) who were tasked by the GOsC to do an annual monitoring review and validation of our Postgraduate courses.

### Widening Participation

A key motivating factor in the search for public funding that culminated in the signing of a contract with the University of Bedfordshire (formerly the University of Luton) in November 2004 was the desire to make osteopathic education accessible to individuals who had been unable to undertake the heavy burden of private fees. The arrangement with the University had been finalised too late in the year for it to have any effect on student recruitment to the B.Ost. for that year, but there was an immediate significant rise in applications for 2005, which increased by 60% for the full-time course but remained unchanged for the Mixed Mode.

A priority during the year was to set in place procedures that would enable the School to recruit from a broader socio-economic base than previously. A review of the School's foundation level provision of pre-entry courses led to the creation of a new co-ordinator post to develop and manage the programme for a widening participation agenda. With the prospect of student variable fees, the School has had to develop a bursary scheme for submission to OFFA (the Office for Fair Access).

In order to be able to measure our progress in widening access to the course, work was undertaken to determine key demographic data relating to the existing student population so that changes can effectively be monitored. Baseline information relating to BSO applications was purchased from UCAS, and a researcher was appointed on a six-month contract to compare student entry profiles with outcome data, so as to give a clearer picture of factors predictive of student success. It is intended that this will inform the development of a targeted strategy for widening participation in the future.

### The Bachelor of Osteopathy Programme (B.Ost.)

The revalidation of the B.Ost. degree by the University of Bedfordshire took place following a successful panel event in February 2006. This was the culmination of a two-year period of intensive review and development by the Undergraduate Committee and course team, under the leadership of Dr Stephen Tyreman. Key features of the new course include the embedding of Osteopathic Concepts into every part of the programme and the inclusion of Personal Development Plans for all students. For the first time, electives now figure in the Pre-Professional Phase, enabling students to explore special areas of interest prior to graduation.

Following the outsourcing to the Quality Assurance Agency (QAA) by the General Osteopathic Council (G.OsC) of



## Report of the Directors

their Recognised Qualification (RQ) monitoring and renewal processes, the School had its first visit, in May 2006, from a QAA annual monitoring review panel. This was helpful preparation for the full RQ renewal visitation which is due to take place in 2007.

In July 2006, Dr Tyreman stepped down as Dean of Undergraduate Studies, to concentrate on research, international links and postgraduate developments. His successor as Course Leader is the former Academic Registrar, Ms Sharon Potter B.Sc (Hons) MBA.

408 undergraduate students were enrolled on-course during the year (2005: 384). First year student numbers were 90 for the full-time course as (2005: 67), while mixed mode starters remained steady at 35.

### B.Ost. Student outcomes 2005/06

Intake	Number of students at start of year	Number of students completing year	% successfully progressing
Full-time Year 1	90	79	88
Full-time Year 2	63	51	81
Full-time Year 3	93	82	88
Full-time Year 4	69	58	84
Part-time Year 1	35	25	71
Part-time Year 2	29	24	83
Part-time Year 3	29	28	97
<b>Total</b>	<b>408</b>	<b>347</b>	<b>85</b>

The student outcomes of the final phase of the B.Ost degree was as follows:

- Pass with Distinction 11
- Pass 54
- Refer 4

### Postgraduate Education

This year continued last year's trend of growth. An exciting development was the recruitment of 21 students onto the first cohort of our new M.Sc. in Paediatric Osteopathy, developed and delivered in conjunction with the world-renowned Osteopathic Centre for Children (OCC). During the year, discussions were held with colleagues at the University of Bedfordshire with regard to students who were enrolled on the second year of the OCC's old Diploma in Paediatric Osteopathy (DPO) programme. Following the provision of some additional modules delivered at the BSO, a further 16 students have been permitted to transfer to the MSc programme. Academic results for these two cohorts were to be determined at an examination board in September 2006

An internal review of the Postgraduate Diploma in Osteopathy in the Cranial Field during the year considered whether students are being adequately rewarded in credits for the substantial work undertaken over the four-year course, and whether this structure might account for the low recruitment numbers. Changes were proposed and work to design and develop a new three year MSc course is now under way for planned recruitment of the first students in 2007/8. Consequently, there was no new intake of the postgraduate diploma enrolled in 2006.

During 2005/06, 14 students were registered on Postgraduate Diploma in Osteopathy in the Cranial Field programme; 4 students withdrew during the year and 4 students progressed to a further phase. 6 students successfully gained the Postgraduate Diploma.

Discussions were held with the University of Bedfordshire during the year to consider further opportunities for postgraduate course development.

During the year a number of short (1-5 days) courses ran which included Osteopathy in the cranial field, Viscerocranium and dental considerations, Ergonomics, Integrated body function, Strain and Counterstrain and Osteopathic care of children.



## Report of the Directors

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Our mentoring service continues to provide telephone and on-line support for new BSO graduates.

### Foundation Courses

While seeking to widen access to the profession, the School is mindful of its obligation to ensure that all students embarking on the B.Ost. programme have the knowledge and skills necessary for them to be successful at undergraduate level study. The new post of Foundation Phase Co-ordinator was created in the summer of 2006 to focus on developing our pre-entry programmes. This new post will be a key plank in our Widening Participation strategy.

Our Access to Osteopathic Health Care course, running with Southwark College, continues to offer a route into osteopathic education for mature students who have not yet achieved the required entry qualifications for the B.Ost. Uncertainties over funding by the Learning & Skills Council and an awaited revision of guidelines for Access courses issued by the Open College in response to QAA requirements meant that we were unable this year to progress a proposed revision of the course intended to focus it more effectively to widen participation from disadvantaged groups. This revision will be a priority for 2006/7.

16 Students enrolled on the Access to Osteopathic Health Care programme in 2005/6 of which 14 successfully completed the course. Of these 13 have made successful applications to join the B.Ost programme in 2006, with one student applying for deferred entry in 2007.

### Faculty Development

The School's faculty and staff are key to its continuing success, and ensuring that all employees are enabled to develop their knowledge and skills is a priority. The major focus of staff development during the year was a residential conference attended by over 80 staff and faculty in September. Additional training and development days for faculty were held by subject and clinic teaching teams during the year, and the annual two-day Introduction to Teaching course for new faculty members took place in the late spring. This year saw the enrolment of some 30 faculty on the new University of Bedfordshire's two-year part-time Postgraduate Certificate in Academic Practice course, which on completion will enable successful candidates to register as members of the Higher Education Academy. A number of other staff and faculty were supported by the school in studies for higher degrees and diplomas.

### Student & Welfare Support

This service was established in April 2005 with the new advisory departments having a much more open student access forum. The department was moved to the third floor to integrate it into a student area, with the library and the ICT computer rooms close by.

The welfare support team comprise of the Student Welfare Advisor and Counsellor. The main focus during the year has been improving the pastoral support to students. The staff have been promoting the service actively to the students and have scheduled specific events aimed at particular groups of students. Other areas that have been improved are access to information about accommodation, benefit advice, financial advice and disability advice.

The learning support team comprises of the Student Learning Advisor and Dyslexia Tutor. During the year, the main projects have been the production of material to support the students in specific areas of learning e.g. essay writing skills, exam preparation and time management. These handouts are supported by small group tutorials. Students can have one to one sessions with the either of the members of staff to support their learning. The other main project is the production of the Personal Development Plan (PDP) for all of the 1<sup>st</sup> year students. This has been produced in a paper format this year as pilot with a view to running it as part of the Critical Awareness and Enquiry Unit in the newly revalidated B.Ost.

### Student Recruitment and Marketing

The admissions department had a very busy year with the following numbers of applications for September 2006 entry to its undergraduate courses.



## Report of the Directors

Course	Number of applications	Applications per place
Full-time	283	3
Mixed Mode	120	3
Access	44	2
<b>Total</b>	<b>447</b>	

A further 55 informal applications were made via Clearing.

The School redesigned the prospectus to update the information and to make it more appealing as a visual document. There was also a marketing campaign to mail out to all schools and colleges in the UK with a copy of the prospectus.

### The Clinic

Patient numbers were similar to last year with 37,923 treatments provided on site compared with 38,138 in 2004-5. The clinic maintained its levels of concessionary fees at about 49%. The total number of new patient treatments was 7,269 (2005: 6,954); existing patient treatments comprise of 30,654 (2005: 31,184).

A review of clinic administration was undertaken and this resulted in the restructuring of this area with the creation of a Practice manager role to focus on patient services and an Assistant Registrar (Clinic) whose focus will be student services.

### The Community Clinics

The School continues to provide a high standard of outreach community clinics within the London Boroughs of Southwark and Camden. These clinics have enhanced the visibility of the School within the local community and continue to be free at the point of contact, providing equity in access to osteopathic care for some of the most vulnerable groups within the local community. From an educational perspective the community clinics continue to represent a unique and valuable opportunity for students to experience osteopathy within the community setting and are integral to the School's mission.

The high standard of delivery of care within the clinics has seen an increase in uptake of osteopathic treatment with current figures showing the number of treatments given in 2005/2006 to be in excess of 2043 (this figures excludes data from summer vacation clinics and the Royal Free Clinic).

The Royal Free osteopathic clinic within the Ian Charlesdon Day Centre continues to care for patients with a higher level of need. In 2006 the School initiated discussions regarding new ways to monitor and record patient's response to osteopathic care with the view of implementing some of these research practices within the Royal Free Hospital clinic in 2007. Beormund School continues to be a popular clinic amongst students and provides a much valued services to the local primary school by contributing to the well being of children involved in the Body Learning Class.

The Manna Clinic continues to offer care to the homeless, helping to alleviate the symptoms of physical complaints, improve quality of life and provides an essential point of referral to other healthcare professionals. The osteopathic service at East Street Clinic continues to be in high demand, providing much needed care to chronic and acute patients suffering with musculo skeletal dysfunction. Finally, the newly established clinic at the Age Concern Day Centre offers an essential service to the elderly, who through finance, disability or socio-economic difficulties are unable to access an osteopathic service within the private sector.

In the coming year the School looks forward to increasing the visibility of the community clinics. New projects are currently in the pipeline with external organisations who have expressed an interest in accessing our osteopathic service and the School continues to show a keen interest in exploring the potential in future collaboration with such organisations.



## Report of the Directors

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### Research

The Research Team aims to deliver high quality research, as well as promoting and developing scholarship within the school and to build successful collaborations with other institutions.

We have continued to extend the School's research profile with an increased number of publications in peer reviewed journals and successful presentation of work at osteopathic research conferences as well as at general medical conferences. The Osteopathic Research and Treatment Bulletin has been successfully re-launched and widely disseminated.

We have had a record number of new graduates submitting work to a multidisciplinary research conference: "Chiropractic, Osteopathy and Physiotherapy: Moving forward through research and practice". The conference is now in its third year and is run jointly by the British School of Osteopathy, The Anglo College of Chiropractic and The University of Brighton. For the first time, research team members led on delivering research teaching to the MSc Paediatric Osteopathy course. We plan to run a development day for faculty in order to enhance their skills in supervising research based inquiry as well as providing further guidance on ethical review and research governance issues.

Within the team there has been a progression for those studying for higher research based degrees. One member has completed his PhD and others have either made or are in process of preparing their transition to PhD level.

New projects have been initiated, one examining the effect of fear of pain in back pain patients. In partnership with Royal Holloway, University of London, we are using functional brain imaging to examine patients' responses to a range of stimuli. It is planned that this will be completed in the next year. An internally funded project is examining the relationship between the characteristics of students at inception and their educational achievement. We have also acquired equipment to examine aspects of palpation.

### Human Resources

The HR team have been focused on some key projects to move the School forward during 2005-06. The most significant area of work in the year has been the recruitment of the Principal, following the retirement of Dr Martin Collins. We were delighted to appoint Charles Hunt, previous Vice-Principal of the School, after a wide-ranging recruitment exercise.

Another key area of work has been the job evaluation of salaries for all posts within the School using the HERA job evaluation scheme. Although this has been a lengthy process, the results enabled the Remuneration Committee to agree a new salary structure that would apply across the School. The new scheme is consistent for all members of staff, and allows far greater transparency. Staff benefits were also reviewed over the year, with the introduction of a contributory pension scheme with Standard Life and improved maternity benefits. A new contributory childcare voucher scheme for staff with pre-school children was also introduced, to encourage the return to work of more staff after they have children, which had been identified as a reason for valued staff leaving.

We have continued our drive to increase the amount of hours worked by part time staff, whilst maintaining or reducing the headcount. Over the year, two full-time academic staff were appointed, whilst seven other staff increased their hours. Interest in teaching at the School has been strong, with good responses to advertised posts.

### Fundraising

The main focus for fundraising has been the specialist and community clinics. This includes the two HIV/Aids clinics, two clinics for older people, the Manna clinic for the homeless and the Beormund School clinic. These services work with socially excluded communities and do not generate income and therefore are of most interest to charitable trusts. The School has a number of vice patrons who support our fundraising by helping us to make personal approaches to trustees of grant giving bodies or by putting their name to funding appeals. We are extremely grateful to all our vice patrons for their support.



The School received £53,780 from trusts and foundations. Many of these donations were from trusts that have loyally supported the BSO over many years. However, the fundraising process is often a slow one as trust appeals committees may only meet a few times a year as lengthy research may be involved to match the proposal with the criteria of the potential funder. The School also received a significant number of legacies during the year for which we are profoundly grateful. These gifts give invaluable financial support and enable more people to benefit from free osteopathy and allow us to maintain and develop our work in so many vital areas of osteopathic care. A legacy leaflet and information pack is now being developed to help people appreciate just how easy it is to leave money to a charity in a Will while still providing for family and friends.

In addition to fundraising for specialist and community clinics funding bids have also been submitted to support the refurbishment of the student common room and bar area. Future fundraising activity is likely to focus increasingly on specific capital projects to increase the space available for the School to deliver its varied activities.

The total fundraising income for the current year amounts to £121,710 and the school is grateful to Stephen Sandler, who organises the annual BSO Golf Day which raised £2,826 and also to John Telford, who organises the book sale in the BSO clinic, which has raised a total of £1,312 during the year.

### **ICT Developments**

Information and Communication Technology (ICT) has continued to be developed to support the teaching, learning, research and administrative plans of the School. The computing facilities available to students within the Learning Resource Centre were upgraded. The Library OPAC was made accessible over the internet and print-charging was introduced for student printing. The first year technique video was edited to DVD as well as being made available via 'Media on Demand'.

The BSO FirstClass system was thoroughly revised in order to enhance the School intranet. During the year, the BSO became part of the London Metropolitan Network (LMN), a London-wide high-capacity advanced broadband metropolitan network delivering services and interconnecting over 100 leading Higher Education Institutions and Further Education Colleges. Via LMN, the BSO participates in JANET, the academic network which connects all UK's Further and Higher Education institutions and the research councils.

### **Future plans**

As student numbers have grown there has been a major review of our space needs which has resulted in a number of plans being put into place to provide the best student experience. In the early part of next year there will be a refurbishment of student areas and the creation of a second air conditioned whole year lecture room. There has also been a review of the local market place and a valuation of the current building to explore the possibility of purchasing new space for the School to provide for more teaching space and a separate clinical provision.





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## Reference and Administrative Details

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### 1 The School's Name and Registered Numbers

The British School of Osteopathy is a limited company authorised to omit the word 'limited' from its name by licence granted under Section 30(2) of the Companies Act 1985. It is a

- Registered Charity numbered – 312873; and a
- Registered Company numbered – 146343

### 2 The Principal and Registered Address of the Charity

Avon House, 275 Borough High Street, Southwark, London, SE1 1JE

### 3 Trustees

The School's Charity Trustees are the Company Directors. Their interests (as defined by the Companies Act 1985 but qualified by the Memorandum and Articles as detailed below) in the shares of the company were:

	<u>31 July 2006</u> <u>Ordinary £1 shares</u>	<u>31 July 2005</u> <u>Ordinary £1 shares</u>
S Monger-Godfrey (Chairman)	-	-
P J Grimshaw (resigned 28 June 2006)	-	-
Dr M Collins (resigned 28 June 2006)	1	1
M Corson	1	1
T Davies	-	-
G Dawes	-	-
V Doshi (resigned 20 March 2006)	-	-
C Hunt (appointed 28 June 2006)	-	-
Dr D Langley (appointed 28 June 2006)	-	-
P Luppi	-	-
P Peake	-	-
Professor L Thomas	-	-
Dr S Tyreman	1	1

Company Secretary: J F Smith – The Secretary is not a Trustee



## Reference and Administrative Details

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### 4 Principal, Senior Management Team and Academic Council

The day-to-day management of the School is delegated to the Principal and Chief Executive who chairs a Senior Management Team of executive staff and also the Academic Council reporting to the Principal and Chief Executive.

The Senior Management Team (SMT) comprises:

- C Hunt Principal and Chief Executive
- M Wolff Vice Principal
- I Maguire ICT Manager
- S Potter Registrar
- J Smith Finance Director
- S Vogel Head of Research
- N Waters Human Resources Manager

The Academic Council comprises of the Principal, external advisors, faculty and student representatives. It is advisory to the Principal for, and subject thereto approves, major academic developments and annual reports and academic policies that are validated by the University of Bedfordshire. The following sub-committees report to the Academic Council.

- Academic Advisory Group
- Undergraduate Course Team
- Undergraduate Admissions Group
- Research Executive Committee
- Quality Assurance Committee
- Board of Examiners
- Postgraduate Course Committee

### 5 Professional Advisers

AUDITORS: Berg Kaprow Lewis LLP, 35 Ballards Lane, London, N3 1XW

BANKERS: Barclays Bank Plc, 1 Churchill Place, London E14 5HP

SOLICITORS: Russell-Cooke, 2 Putney Hill, Putney, London, SW15 6AB  
Trowers and Hamlin, Sceptre Court, 40 Tower Hill, London EC3N 4DX

INDEPENDENT FINANCIAL CONSULTANT – INVESTMENTS:  
Jaswir S Kandola ALIA(Dip), Sedgwick Independent Financial Consultants  
Limited, Gilroy House, 146/150 City Road, London, EC1V 2SS



### 1 Governing Document

The British School of Osteopathy was founded on 7 March 1917. It is a charitable company limited by non-equity share capital. The only benefits attributed to share ownership, as stated in the Memorandum and Articles of Association, are membership voting rights and the return of paid-up share capital in the unlikely event of the company's liquidation by the membership. The liability of members is limited to £1 per share.

The company was registered with the Charity Commissioners for England and Wales on 23 January 1979. The Charity Commission granted authorisation for a special resolution, passed on 24 June 2004, amending the company's Memorandum of Association to allow qualified osteopaths on the Board who constitute a minority of trustees (directors) to receive remuneration for their roles of principal, lecturers and practical trainers.

### 2 Recruitment and appointment of new Directors

All Directors are trustees. The Board of Directors receive suggestions from stakeholders for potential new directors and considers whether these applicants meet the skills required to fill vacant roles and responsibilities on the Board. Applicants that are approved by the Board must be elected by the shareholders at an AGM. Directors serve three years and maybe re-elected for a further three years and meet a minimum of four times a year. Directors form committees according to the skills required. These committees operate under specific terms of reference which delegate certain functions of the Board but decisions are agreed by the Board. The Directors annually review the committees and members needed to provide a balanced range of skills.

### 3 Committees of the Board

The following committees act in an advisory capacity to the Board:

- Remuneration Committee
- Finance, Estates and Audit Committee
- Investment Committee
- Fundraising Committee
- Strategic Planning and Resources Committee
- Nominations Committee

Members of the Board are nominated to sit on various committees according to their skills.

### 4 Directors' Responsibilities

Company law requires the Directors to prepare audited financial statements for each financial year. These must give a true and fair view of the state of affairs of the School and of the surplus or deficit of the School for that period. In preparing those statements, the Directors are required to:

- select what they consider the most suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and (where doubt arises) prudent;
- state whether relevant accounting standards and any applicable SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue its existing activities.



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## Structure, Governance and Management

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The Directors have overall responsibility for ensuring that the charity has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the School and enable them to ensure the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and ensuring their proper application to satisfy charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the School is operating efficiently, effectively and economically;
- its assets are safeguarded against unauthorised use or disposal;
- proper records are maintained and financial information used within the School or for publication is reliable; and
- the School complies with relevant laws and regulations.

So far as each of the directors is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware, and
- The directors' have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

A valuation of leasehold property was undertaken and its current market value is estimated at £5.5m which is in excess of £3.5m over its net book value.

## 5 Risk Management

The Board's systems of internal controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan, estates plan, and an annual combined budget approved by the Directors;
- regular Board consideration of financial results, variance from budgets, cash-flows and fund-purposes, and non-financial performance indicators and benchmarking reviews;
- controlled delegation of authority, segregation of duties and identification and management of exposure to risk.

The Directors continue to keep under review the School's internal financial controls, as part of the School's formal Risk Management Policy and Procedures, in accordance with general guidance issued by the Charity Commission and on the basis of current best practice in corporate governance as set out in the Turnbull Report and relevant to the School as a charity. This is a formal process:

- embedding the control system in the day to day running of the School and culture;
- involving all areas of activity, governance and relevant stakeholders;
- identifying the types of risks the School faces;
- assessing their acceptability, likelihood, materiality and impact;
- ensuring that adequate cost effective and efficient systems and controls to mitigate risks are enacted, and that reported defects in controls are duly evaluated and remedial action taken;
- identifying and monitoring levels and areas of authorisation and responsibility for controls;
- identifying and referring major risks to the Board of Trustees for review; and
- specifying the timetable for reviews by the Senior Management Team and the Board of Trustees.

The Risk Management Policy and Procedures are reviewed regularly and evaluated against the above criteria by the Senior Management Team. These evaluations are documented and reviewed by the Board.



## Objectives and Activities

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### 1 Objects

The School's objects as set out in its Memorandum and Articles are to

- To promote the general advancement of education, professional and otherwise; to organise and establish courses of instruction, clinical demonstration and research; and to prepare and qualify those who wish to maintain and practise the system of Osteopathy.
- To encourage and if necessary provide means of disseminating information regarding Osteopathy among the Osteopathic Profession and to extend the advantages of the Profession to the public.
- To provide facilities for the discovery, formulation and teaching of the system of Osteopathy formulated as a system, science, or method of treatment to systematise and place on a scientific basis the said system, and to impart instruction in the same to the Profession and to the public.

### 2 Aims

The School aims to promote osteopathy and osteopathy's contribution to the provision of contemporary health care by:

- Providing accredited and validated courses as well as continuing professional development for undergraduate and postgraduate students;
- Delivering practical training to enhance the quality and management of osteopathic care given to patients and running community clinics to widen public access to osteopathic healthcare; and
- Maintaining a commitment to support research to facilitate continuous improvement in professional practice and contribute knowledge to the wider community.

### 3 Objectives for the year

- To revalidate the undergraduate degree course
- To develop a strategy for widening student participation
- To review space allocation due to the projected increase in student numbers
- To develop focused research projects

### 4 Strategies

- To provide access to affordable osteopathic healthcare for the community in a variety of settings.
- To employ well supported and motivated staff equipped to provide academic leadership and guidance to students drawn from the widest possible section of the public.
- To produce a range of high quality osteopaths, who are equipped with the knowledge and skills needed to work in a diverse healthcare arena.
- To enhance osteopathic development by nationally and internationally promoting research, scholarship, academic standards and continued professional development.
- To expand and diversify partnerships and opportunities for productive professional collaboration.

### 5 Activities

- Pre-entry courses including the Access to Osteopathic Health Care course in association with Southwark College



## **Objectives and Activities**

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- Undergraduate B.Ost degree course validated by the University of Bedfordshire
- Postgraduate courses including a Postgraduate Diploma in Osteopathy in the Cranial Field and an MSc in Paediatric Osteopathy in conjunction with the Osteopathic Centre for Children
- Continuing Professional Development courses
- Research projects
- Outpatient clinics including specialist clinics for sports injuries, children and expectant mothers
- Community and Outreach clinics for the elderly, homeless, children with emotional and behavioural difficulties and patients with the HIV infection.



### 1 Reserves Policy

The policy is to hold a liquid general fund of £100,000 to manage major unmitigated risk as well as an additional one month's running costs of £250,000. This fund is included within designated funds. At the year-end the School also had a further £99,000 designated for strategic purposes.

### 2 Investment Policy and Performance

The Board's policy, in view of the short term nature of most of the funds currently available is that:

- Cash surplus to current operational needs may go on short or longer term investment, as may be appropriate, and that any such investment must be low to medium risk and meet or exceed the WM performance on investments by Charities; and
- Investments must be ethical as defined by the Board of Trustees by reference to the School's declared Objects.

The policy provides the terms and performance by which the investment managers must operate and the review process. The Board have taken professional advice on investments and investment managers from an Independent Financial Adviser. The investment return achieved for cash investments for the year was 3.8% (2005: 3.7%) compared with a base rate average of 4.75% (2005: 4.50%). The investment return achieved on longer term investments was 20.4% (2005: 8.10%) against the WM Charity Universe performance of 16%.

### 3 Incoming Resources

Total income increased by 6% from £2,949k to £3,135k, compared to an increase of 0.2% in 2005.

Undergraduate student fee income is 0.7% less than in 2005 (2005: 73% decrease from 2004 due to the change in funding). The fees paid by 'home' and EU full-time students for the academic year are £1,175 (2005: £1,150) and for students attending the Mixed Mode course £2,500 (2005: £2,450). The contract income received via the University of Bedfordshire increased by 11% to £1,730k (2005: £1,559k). The number of students attending at the beginning of the academic year was 408 (2005: 384). Income from postgraduate courses increased by 82% due to the new MSc in Paediatric Osteopathy which started in September 2005

Clinic income remained at a similar level to last year (2005: 4% decrease from 2004). The number of fee paying treatments given decreased from 38,138 to 37,923. The actual income for the year is £482k (2005: £481k) and expenditure (including clinic reception and support costs) on Clinical Education is £1,261k. Therefore, the percentage of 'clinical education costs covered by contributions from patients' is 38% (2005: 44%). A further £31k (2005: £37k) of the expenditure was covered by donations, bringing the total covered to 41% (2005: 47%). In previous years clinic reception costs and some support costs (HR, Management and Finance) were excluded, the resulting percentage of the total expenditure covered is 59% (2005: 67%).

Donations decreased from £143k to £122k, resulting in a decrease of 7% (2005: 7% increase from 2004). The actual associated costs (including support costs) are £28k. Therefore, the percentage of 'fundraising costs to funds raised' is 23% (2005: 41%). The amount of restricted income received for the year is £62k.

### 4 Resources Expended

The School spent £3,220k (2005: £2,792k), on delivering its academic education, clinical practice, research and their associated support costs. This is 15% higher than last year (2005: 1% increase). Direct staff costs in these areas rose by 15% (2005: 1%) to cover pay rises during the year and further pay increases in line with recommended pay within the HE Sector due to the implementation of the



HERA (Higher Education Role Analysis) scheme as well as additional academic management roles. Overall, undergraduate academic education costs increased by 14% (2005: 0.3% decrease); postgraduate education costs increased by 71%; clinical education costs rose 15% (2005: 2%); and research costs increased by 17% (2005: 2% decrease).

Total expenditure increased by 15% from £2,869k to £3,303k, compared to a 5% increase last year. Total staff costs increased by 16% (2005: 4%) which is an 11% increase on the total expenditure in 2005.

The total expenditure during the year averages out to a cost of £8,095 per student (2005: £7,470). The highest fee charged to a student was £6,800 (2005: £6,670), but the average fee charged to a student was £1,463 (2005: £1,518). This average fee excludes income received from the University of Bedfordshire towards tuition fees.

During the year fixed assets purchased were to:

- Replace ICT equipment and to provide the necessary hardware to support JANET and the Library Printing System - £30k
- Refurbish Clinic Reception and a meeting room - £4k

## Conclusion

The School remains in a secure financial position. Forthcoming budgets will be managed to ensure the School meets the financial strategies below. These strategies are to ensure that the School:

- Manages its annual income from its activities to meet all economic demands and commitments made within the year;
- Makes sufficient provision to carry out its Strategic and Estate plans but also to meet its Financial Strategies; and
- Maintains adequate cash reserves of general funds to manage specific areas of risk as well as free reserves for unforeseen events.

Approved by the Board of Trustees and signed on its behalf by:

Charles Hunt – Trustee, Principal and Chief Executive

25 April 2007





## Independent Auditors' Report to the Members

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We have audited the financial statements of The British School of Osteopathy for the year ended 31 July 2006 as set out on pages 18 to 37. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 22 to 23.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Trustees and Auditors

As described on pages 10 and 11, the Trustees, who are also the Directors of The British School of Osteopathy for the purposes of company law, are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. (United Kingdom Generally Accepted Accounting Practice)

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 and are properly prepared in accordance with the Companies Act 1985 and as to whether the Directors' Report information is consistent with the financial statements. We also report to you if, in our opinion, any of the Trustees' Annual Report information is not consistent with the financial statements, if the Charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the Charity is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors of the Board of Trustees, the Statement of Governance and Internal Control, the Legal and Administrative Report and the Review of the Financial Position.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### 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 Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which 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.



## Independent Auditors' Report to the Members

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### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the School's affairs as at 31 July 2006 and of its incoming resources and application of resources and its net income in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the Directors' Report information given within the Trustees' Report is consistent with the financial statements.

**Berg Kaprow Lewis LLP**  
Chartered Accountants & Registered Auditors  
London

25 April 2007



# Statement of Financial Activities for the year ended 31 July 2006

(Incorporating the company's Income & Expenditure Account)

	Note	Unallocated General Funds £	Designated Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
<b>Incoming Resources</b>						
<b>Incoming resources from charitable activities</b>						
	2					
Undergraduate and postgraduate student fees		2,451,887	-	-	2,451,887	2,228,654
Clinic income		481,816	-	-	481,816	480,884
Other income		16,332	-	-	16,332	18,681
		<u>2,950,035</u>	<u>-</u>	<u>-</u>	<u>2,950,035</u>	<u>2,728,219</u>
<b>Incoming resources from generated funds</b>						
	3					
Voluntary income		53,767	-	54,097	107,864	128,097
Activities for generating funds		10,069	-	7,684	17,753	18,056
Investment income	4	58,821	500	1,198	60,519	74,275
		<u>122,657</u>	<u>500</u>	<u>62,979</u>	<u>186,136</u>	<u>220,428</u>
Other incoming resources		125	-	-	125	604
<b>Total Income</b>		<b><u>3,072,817</u></b>	<b><u>500</u></b>	<b><u>62,979</u></b>	<b><u>3,136,296</u></b>	<b><u>2,949,251</u></b>
<b>Resources Expended</b>						
<b>Charitable activities</b>						
Academic education		1,733,584	64,718	53,400	1,851,702	1,596,372
Clinical education		1,204,589	-	56,473	1,261,062	1,100,713
Research		106,771	-	-	106,771	90,959
		<u>3,044,944</u>	<u>64,718</u>	<u>109,873</u>	<u>3,219,535</u>	<u>2,788,044</u>
<b>Costs of generating funds</b>						
Costs of generating voluntary income		24,012	-	-	24,012	54,374
Fundraising trading: costs of goods sold and other costs		1,141	-	3,546	4,687	6,922
Investment management costs		4,355	-	-	4,355	3,602
		<u>29,508</u>	<u>-</u>	<u>3,546</u>	<u>33,054</u>	<u>64,898</u>
<b>Governance costs</b>		<u>50,108</u>	<u>-</u>	<u>-</u>	<u>50,108</u>	<u>16,289</u>
<b>Total resources expended</b>	5	<b><u>3,124,560</u></b>	<b><u>64,718</u></b>	<b><u>113,419</u></b>	<b><u>3,302,697</u></b>	<b><u>2,869,231</u></b>
Realised investment gains/(losses)		29,092	-	-	29,092	19,101
<b>Net income for the year before transfers</b>		<u>(22,651)</u>	<u>(64,218)</u>	<u>(50,440)</u>	<u>(137,309)</u>	<u>99,121</u>
<b>Transfers</b>						
Gross transfers between funds	17	(42,512)	35,712	6,800	-	-
<b>Net income before other recognised gains and losses</b>		<u>(65,163)</u>	<u>(28,506)</u>	<u>(43,640)</u>	<u>(137,309)</u>	<u>99,121</u>
<b>Other recognised gains/losses</b>						
Gains and losses on revaluation of investment assets		22,534	-	-	22,534	47,416
Issue of Share Capital	15	10	-	-	10	10
<b>Net movement in funds</b>		<u>(42,619)</u>	<u>(28,506)</u>	<u>(43,640)</u>	<u>(114,765)</u>	<u>146,547</u>
<b>Reconciliation of Funds</b>						
Total funds brought forward		473,405	2,892,614	353,701	3,719,720	3,573,173
<b>Total funds carried forward</b>	18	<b><u>430,786</u></b>	<b><u>2,864,108</u></b>	<b><u>310,061</u></b>	<b><u>3,604,955</u></b>	<b><u>3,719,720</u></b>

Restricted fund balances include £11,576 (2005: £11,576) endowed trust capital.



## Balance Sheet at 31 July 2006

	Note	<u>2006</u>		<u>2005</u>	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10	2,102,600		2,203,553	
Investments:	11				
Investments		396,308		329,343	
Social Investments		70,295		101,458	
			2,569,203		2,634,354
<b>CURRENT ASSETS</b>					
Debtors	12	125,108		155,573	
Cash at bank		1,207,745		1,284,780	
			1,332,853		1,440,353
<b>CREDITORS: amounts falling due within one year</b>	13	297,101		354,987	
<b>NET CURRENT ASSETS</b>			1,035,752		1,085,366
<b>NET ASSETS</b>			<u><b>3,604,955</b></u>		<u><b>3,719,720</b></u>
<b>TRUST FUNDS</b>					
Endowed Trust capital	14	11,576		11,576	
Restricted funds	15	298,485		342,125	
<b>TOTAL TRUST FUNDS</b>			310,061		353,701
<b>UNRESTRICTED FUNDS</b>					
Corporate Share capital	16	962		952	
Unallocated general funds	18	348,461		413,624	
Revaluation reserve		81,363		58,829	
			430,786		473,405
Designated funds	17	2,864,108		2,892,614	
<b>TOTAL UNRESTRICTED FUNDS</b>			3,294,894		3,366,019
<b>TOTAL FUNDS</b>	19		<u><b>3,604,955</b></u>		<u><b>3,719,720</b></u>

Approved by the Board of Trustees on 25 April 2007 and signed on its behalf by:

Charles Hunt



## Cashflow Statement for the year ended 31 July 2006

	<u>Note</u>	<u>2006</u>		<u>2005</u>	
		£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	A		(96,110)		(898,072)
<b>Returns on investments and servicing of finance</b>					
Interest received		72,380		81,527	
Interest paid		-		-	
		<u>72,380</u>		<u>81,527</u>	
<b>Net cash inflow on returns on investment and servicing of finance</b>			72,380		81,527
<b>Capital expenditure</b>					
Purchase of investments		(153,625)		(117,854)	
Sale of investments		138,286		105,599	
Receipts from sale of tangible assets		1,924		1,712	
Payments to acquire tangible assets		(39,900)		(123,810)	
		<u>(53,315)</u>		<u>(134,353)</u>	
<b>Net cash outflow for capital expenditure</b>			(53,315)		(134,353)
<b>Net cash outflow before management of liquid resources and financing</b>			(77,045)		(950,898)
<b>Financing</b>					
Issue of shares		10		10	
Loan repayments		-		-	
		<u>10</u>		<u>10</u>	
<b>Net cash inflow/(outflow) from financing</b>			10		10
<b>Decrease in cash in the year</b>	C		<u><u>£(77,035)</u></u>		<u><u>£(950,888)</u></u>

Trust law restricts the application of special trust funds. This has not affected the company's internal cashflows.



## Notes to the Cashflow Statement for the year ended 31 July 2006

<b>A.</b>	<b>RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Net movement in funds per SOFA	(114,765)	146,547
	Less: Investment income	(60,519)	(74,275)
	Add: Interest payable	-	-
	Gains and losses on investments	(51,626)	(66,517)
	Less: Issue of shares	(10)	(10)
	Operating surplus / (loss)	<u>(£226,920)</u>	<u>£5,745</u>
	Operating surplus / (loss)	(226,920)	5,745
	Depreciation of tangible assets	131,329	136,583
	(Profit) / loss on sale of tangible assets	1,523	1,444
	(Increase) / decrease in debtors	68,105	(38,800)
	Increase / (decrease) in creditors	29,139	(1,003,044)
	Prepayments (increase) / decrease	(18,338)	-
	Accruals increase / (decrease)	(80,948)	-
	Net cash inflow / (outflow) from operating activities	<u>(£96,110)</u>	<u>(£898,072)</u>
<b>B.</b>	<b>ANALYSIS OF NET FUNDS</b>		
	<b>1 August 2005</b>	<b>Cashflow</b>	<b>Other</b>
	<b>£</b>	<b>£</b>	<b>changes</b>
			<b>£</b>
	1,284,780	(77,035)	-
	<u>1,284,780</u>	<u>(77,035)</u>	<u>-</u>
	£1,284,780	£(77,035)	£1,207,745
	<u>£1,284,780</u>	<u>£(77,035)</u>	<u>£1,207,745</u>
<b>C.</b>	<b>RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	(Decrease) in net cash	(77,035)	(950,888)
	Cashflow from decrease in debt	-	-
	Change in net funds resulting from cash flows	<u>(77,035)</u>	<u>(950,888)</u>
	Opening net funds	1,284,780	2,235,668
	Closing net funds	<u>£1,207,745</u>	<u>£1,284,780</u>



## Accounting Policies for the year ended 31 July 2006

### 1 Accounting Policies

#### 1.1 Basis of Accounting

The financial statements have been prepared under the Companies Act 1985 on the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (March 2005) and applicable accounting standards.

#### 1.2 Fund Accounting

##### I Unallocated general funds

These funds, as well as any amounts set apart as below by the Board for any particular purpose, arise from the accumulated surpluses and deficits resulting from the delivery of the School's activities.

##### II Designated funds

The Directors, at their discretion, earmark funds out of unallocated corporate funds for specific purposes. Certain non-binding commitments that are to be met out of future designated income streams, other than amounts recognised as liabilities in the Statement of Financial Activities, are held as designated funds.

##### III Trust funds

These are funds given by donors for specific purposes, or else as general-purpose endowed funds, under trust law. Any interest arising on the unapplied balances of restricted funds during the year is attributed to them. A proportionate administration charge is applied to them where the cost is material.

#### 1.3 Incoming Resources

I **Undergraduate and postgraduate student fees and clinic income** represents fees receivable from students, contributions from patients and other associated income. Fees receivable for student tuition (including the contract with the University of Bedfordshire) are recognised in the period in which the tuition takes place.

II **Donations** and other voluntary incoming resources are included in the Statement of Financial Activities on the date they are receivable provided there is reasonable certainty of ultimate receipt and the amount is reliably quantifiable. Income tax recoverable on covenants and gift aid are included on an accruals basis for the date the donation is received.

#### 1.4 Resources Expended

Expenditure is allocated or attributed as follows:

##### I Charitable Activities

Resources expended on charitable activities comprise of all the resources applied by the School in undertaking its work to meet its charitable objectives. These charitable activities include academic and clinical education, and research - and the support and promotion of these activities, including the running costs for the School's premises. A percentage of aggregated costs covering Management, Finance, Human Resources, ICT and Estates functions is charged to it. The percentages are based on the floor area occupied by each activity.

##### II Costs of generating funds

These are the costs which are associated with generating incoming resources from all sources other than from undertaking charitable activities. They include the costs of generating voluntary income, fundraising trading and the costs of managing investments for both income generation



## Accounting Policies for the year ended 31 July 2006

and capital maintenance. The costs are attributed or allocated using the same percentage methods as for charitable expenditure as above.

### III Governance Costs

The costs include the costs of governance arrangements which relate to the general running of the School as opposed to the direct management functions inherent in generating funds, course delivery and programme or project work. Expenditure on the governance of the School includes audit, legal advice for trustees and costs associated with constitutional and statutory requirements.

### 1.5 Investments

Investments are included on the balance sheet at market value.

### 1.6 Tangible Fixed Assets: Capitalisation and Depreciation

I Fixed assets are held for the School's use at cost less an appropriate rate of depreciation, calculated to reduce the net book value of each asset to its currently estimated residual value (at prices ruling at acquisition date) by the end of its currently expected useful economic life.

II The rates of depreciation, applied on a straight line basis, per annum are initially:

Leasehold premises	- 2%
Office equipment	- 10% to 20%
Computers	- 25%
Video equipment	- 20%

### 1.7 Pension Scheme

The School operates a defined contribution group personal pension scheme and a stakeholder pension scheme. Contributions are charged to the Statement of Financial Activities as they are incurred.

### 1.8 Taxation

I The surpluses or deficits of the School result from its charitable activities. Any surplus which may result is employed for its charitable purposes (Section 505, ICTA 1988) and are therefore exempt from corporation tax.

II As the majority of its activities are exempt or outside the scope of VAT, it cannot reclaim the VAT charged to it. Expenditure in the Statement of Financial Activities is shown inclusive of VAT.

### 1.9 Charitable Commitments

Material charitable commitments which are legally or operationally binding are recognised in the financial statements. Any other commitments, principally charitable commitments which are considered morally binding or else planned expenditure out of existing resources, are recognised as designated funds and explained in the notes to the financial statements.

### 1.10 Commitments – Operating Leases

Lease rental costs incurred under operating leases are charged to the Statement of Financial Activities as incurred over the period of the lease. The commitments are disclosed in the notes to the financial statements.





## Notes to the Financial Statements for the year ended 31 July 2006

### 2 Incoming resources from charitable activities

	<u>2006</u>	<u>2005</u>
	£	£
Foundation and Access course fees	18,892	9,603
Undergraduate course fees	597,372	601,464
University of Bedfordshire contract	1,730,110	1,559,470
Postgraduate and CPD course fees	105,513	58,117
	<hr/>	<hr/>
<i>Total student course fees</i>	<b>2,451,887</b>	<b>2,228,654</b>
	<hr/>	<hr/>
Clinic patients' contributions for treatment by students	481,816	480,884
Course consultancy	-	2,940
Other activities including student support, library and café licence fees)	16,332	15,741
	<hr/>	<hr/>
<i>Total incoming resources from charitable activities</i>	<b>2,950,035</b>	<b>2,728,219</b>
	<hr/> <hr/>	<hr/> <hr/>

### 3 Incoming resources from generated funds

	<u>2006</u>	<u>2005</u>
	£	£
Individuals	6,304	2,939
Legacies	47,780	31,984
Charitable foundations	53,780	89,311
Corporate Donors	-	3,863
	<hr/>	<hr/>
<i>Total Voluntary income</i>	107,864	128,097
	<hr/>	<hr/>
Fundraising events	12,525	13,664
Income from sale of donated books	1,312	1,483
Room lettings	3,916	2,909
	<hr/>	<hr/>
<i>Total Activities for generating funds</i>	17,753	18,056
	<hr/>	<hr/>
Investment Income	60,519	74,275
	<hr/>	<hr/>
<i>Total incoming resources from generated funds</i>	<b>186,136</b>	<b>220,428</b>
	<hr/> <hr/>	<hr/> <hr/>

#### ***Analysis of use of generated funds***

Student bursary funds	26,595	26,997
Course development and resources	5,372	13,576
Clinics	31,012	44,944
	<hr/>	<hr/>
<i>Total restricted funds</i>	62,979	85,517
	<hr/>	<hr/>
Course delivery	-	1,700
Graduation	6,153	7,088
General purposes	117,004	126,123
	<hr/>	<hr/>
<i>Total unallocated general funds</i>	123,157	134,911
	<hr/>	<hr/>
<i>Total incoming resources from generated funds</i>	<b>186,136</b>	<b>220,428</b>
	<hr/> <hr/>	<hr/> <hr/>

#### ***Volunteers***

Supporters and other well-wishers frequently give items to the school, which we appreciate for their



## Notes to the Financial Statements for the year ended 31 July 2006

usefulness. These items do not individually have a material value and are therefore not recognised in the financial statements.

### 4 Investment Income

	2006 £	2005 £
Interest on cash deposits	40,825	62,621
Dividends and interest on listed investments	19,694	11,654
	<u>60,519</u>	<u>74,275</u>

#### *Interest earned on cash deposits*

This is invested in deposits earning up to 4.85% interest and short-term deposits where interest fell to around 1.70%. The total income earned from cash deposits (including those belonging to endowed and other trust funds) was £40,825(2005: £62,621).



## Notes to the Financial Statements for the year ended 31 July 2006

### 5 Total Resources Expended

#### Charitable activities

Activity	Activity undertaken directly £	Support costs £	2006 Total £	2005 Total £
Undergraduate education	1,117,673	633,880	1,751,553	1,537,746
Postgraduate education	85,312	14,837	100,149	58,626
Clinical education	881,584	379,478	1,261,062	1,100,713
Research	96,789	9,982	106,771	90,959
<b>Total</b>	<b>2,181,358</b>	<b>1,038,177</b>	<b>3,219,535</b>	<b>2,788,044</b>

#### Costs of generating funds

Activity	Activity undertaken directly £	Support costs £	2006 Total £	2005 Total £
Costs of generating voluntary income	13,499	10,513	24,012	54,374
Fundraising trading	3,698	989	4,687	6,922
Investment management costs	4,355	-	4,355	3,602
<b>Total</b>	<b>21,552</b>	<b>11,502</b>	<b>33,054</b>	<b>64,898</b>

#### Governance costs

Activity	2006 £	2005 £
Audit	14,100	13,000
Legal advice	35,587	3,244
Constitutional/Statutory requirements	421	45
<b>Total</b>	<b>50,108</b>	<b>16,289</b>

#### Support cost breakdown by activity

Activity	Fund-raising £	Under-graduate education £	Post-graduate education £	Clinical education £	Research £	2006 Total £	2005 Total £
Management	1,852	111,164	2,802	69,126	1,868	186,812	128,059
Finance	1,234	73,402	1,850	45,645	1,234	123,365	115,362
ICT	3,446	153,563	2,729	80,794	1,909	242,441	197,501
Estates	3,700	220,170	5,551	136,913	3,700	370,034	367,344
HR	1,270	75,581	1,905	47,000	1,271	127,027	80,633
<b>Total</b>	<b>11,502</b>	<b>633,880</b>	<b>14,837</b>	<b>379,478</b>	<b>9,982</b>	<b>1,049,679</b>	<b>888,899</b>



## Notes to the Financial Statements for the year ended 31 July 2006

### 6 Staff costs

#### Staff cost breakdown by activity

Activity	Direct staff costs £	Support staff costs £	2006 Total £	2005 Total £
Undergraduate education	879,544	294,532	1,174,076	1,015,307
Postgraduate education	52,983	7,425	60,408	38,540
Clinical education	836,215	183,154	1,019,369	866,304
Research	88,921	4,950	93,871	74,094
Fundraising	8,314	4,950	13,264	43,040
<b>Total</b>	<b>1,865,977</b>	<b>495,011</b>	<b>2,360,988</b>	<b>2,037,285</b>

	<u>2006</u> £	<u>2005</u> £
Wages and salaries	2,058,228	1,801,190
Employers NI	176,957	144,492
Pension costs	13,783	10,776
Other staff related costs	112,020	80,827
	<u><b>2,360,988</b></u>	<u><b>2,037,285</b></u>

### 7 Pension Costs

The School operates a group personal pension scheme, which is a Defined Contributions scheme, and a stakeholder pension scheme. The assets of the schemes are held separately from those of the charity in independently administered funds. Contributions payable by the School to the group personal pension scheme, on behalf of 14 staff (2005: 4 staff), amounted to £13,783 (2005: £10,776). The stakeholder pension scheme has 1 member of staff.



## Notes to the Financial Statements for the year ended 31 July 2006

### 8 Employee Information

Activity	2006 Number	2006 FTE	2005 Number	2005 FTE
Academic - teaching	52	12	54	10
Academic – support services	14	9	12	9
Clinic	65	16	69	15
Clinic – support services	8	8	9	9
Research	6	2	8	2
Fundraising	1	1	1	1
Estates and ICT	6	6	6	5
Management, Finance and HR	6	6	6	6
<b>Total</b>	<b>158</b>	<b>60</b>	<b>165</b>	<b>57</b>

The number of employees who earned £60,000 or more during the year was as follows:

	2006 Number	2005 Number
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
<b>Total</b>	<b>1</b>	<b>1</b>

### 9 Trustees' Emoluments

The School's Memorandum and Articles of Association as a charitable company recognise and authorise the need, in keeping with similar charitable institutions in the field of higher education, to remunerate the Principal and any other trustees (directors) who are qualified osteopaths, for their roles respectively as Principal, lecturers or examiners. No director was remunerated for his or her role as a trustee of the charity or for any other duties undertaken for, or services provided to, the School.

Staff costs include the following remuneration in respect of trustees, as qualified above:

Trustee	Role	2006 £	2005 £
M Collins	Principal	79,333	68,325
C Hunt	Principal	8,333	-
M Corson	External Examiner	2,036	4,240
T Davies	Community Clinic Coordinator	13,669	988
S Tyreman	Student Learning	21,171	20,078
<b>Total</b>		<b>124,542</b>	<b>93,631</b>
Pension contributions		5,175	6,866
<b>Total</b>		<b>129,717</b>	<b>100,497</b>

Travel expenses totalling £439 (2005: £175) were reimbursed to 4 (2005: 1) trustees. No emoluments due to the trustees in respect of the year have been waived by them.



## Notes to the Financial Statements for the year ended 31 July 2006

### 10 Analysis of Movement of Fixed Assets

	Leasehold property £	Computers and video equipment £	Furniture, fixtures and equipment £	Total £
<b>Asset cost, valuation or revalued amount</b>				
1 August 2005	2,374,691	311,098	151,348	2,837,137
Additions	-	29,729	4,094	33,823
Disposals	-	(39,346)	(6,827)	(46,173)
31 July 2006	2,374,691	301,481	148,615	2,824,787
<b>Accumulated depreciation</b>				
1 August 2005	341,214	206,282	86,088	633,584
Charge for the year	47,382	61,124	22,823	131,329
Written off on disposal	-	(37,697)	(5,029)	(42,726)
31 July 2006	388,596	229,709	103,882	722,187
<b>Net Book Value</b>				
1 August 2005	2,033,477	104,816	65,260	2,203,553
31 July 2006	<b>1,986,095</b>	<b>71,772</b>	<b>44,733</b>	<b>2,102,600</b>
<b>Analysis of leasehold property</b>				
Long leasehold			1,230,000	1,260,000
Improvements to the leasehold property			756,095	773,477
<b>Total</b>			<b>1,986,095</b>	<b>2,033,477</b>



## Notes to the Financial Statements for the year ended 31 July 2006

### 11 Analysis of Movement of Investments

	<u>2006</u>	<u>2005</u>
	£	£
Investment in subsidiary undertaking	1,000	1,000
Investments listed on a recognised stock exchange ( <i>see below</i> )	305,878	324,151
Cash held as part of the investment portfolio	89,430	4,192
	<u>396,308</u>	<u>329,343</u>

#### *Investment in subsidiary undertaking*

	<u>2006</u>	<u>2005</u>
	£	£
Market Value at 31 July	<u>1,000</u>	<u>1,000</u>
Historical cost at 31 July	<u>1,000</u>	<u>1,000</u>

On 20 May 1999, the School invested £1,000 in BSO Trading Company Limited, a company registered in England and Wales. This investment represents 1,000 Ordinary shares of £1 each, being the whole of the issued share capital of the company. These shares were fully paid up on 9 March 2000.

During the year ended 31 July 2006, the company did not trade. Its reserves at 31 July 2006 were £15 (2005: £15).

#### *Investments listed on a recognised stock exchange*

	£
Market value at 1 August 2005	324,151
Additions to investments at cost	68,387
Disposals at carrying value	(138,286)
Net gain/(loss) on revaluation	51,626
<b>Market value at 31 July 2006</b>	<b>305,878</b>

The investment portfolio was started on the 6 August 2003 to provide the School with a long-term investment at a higher return than those funds remaining in its bank accounts.

Investments in individual entities held at 31 July 2006 which are over 5% of portfolio by value are:

Name of security	Holding (number of shares)	Market value £
Aberforth Smaller Co's Trust	3,000	19,170
Resolution Asset Management	15,000	17,858
F&C Commercial Property Trust	12,000	16,110
First State INVM ICVC	4,800	15,342
Isis Property Trust	11,000	17,545
McAlpine plc	3,500	15,995
Tesco plc	4,850	17,436
<b>Total</b>		<u><u>119,456</u></u>



## Notes to the Financial Statements for the year ended 31 July 2006

### **Social Investments**

	<u>2006</u> £	<u>2005</u> £
Amounts due from loans to students	70,295	101,458

Student bursary loans are repayable in 60 monthly instalments within 5 years from 1 January following graduation, or immediately on leaving without graduating. Graduates are encouraged to repay earlier to provide funds to assist future students with limited funds to pay their fees.

### **12 Debtors**

	<u>2006</u> £	<u>2005</u> £
Trade debtors	11,357	46,653
Other debtors	76,643	78,290
Prepayments	37,108	30,630
	<u>125,108</u>	<u>155,573</u>

### **13 Creditors: Amounts falling due within one year**

	<u>2006</u> £	<u>2005</u> £
Trade creditors	96,933	76,995
Other creditors	37,320	36,356
Accruals	131,737	170,007
Deferred income (student fees in advance)	31,111	71,629
	<u>297,101</u>	<u>354,987</u>





## Notes to the Financial Statements for the year ended 31 July 2006

### 14 Endowed Trust Capital

	<u>Balance</u> <u>1 August</u> <u>2005</u> £	<u>Movement in funds:</u> <u>Incoming</u> <u>Expended</u> <u>Resources</u> <u>and Transfers</u> £                    £		<u>Balance</u> <u>31 July</u> <u>2006</u> £
R K Hardy Prize Fund	11,576	-	-	11,576
	<u>11,576</u>	<u>-</u>	<u>-</u>	<u>11,576</u>

#### R K Hardy Prize Fund

This is a memorial fund established on 7 May 1993. The interest on the capital, which is used to give a graduation prize to one student annually, is recognised as income within restricted funds. The R K Hardy Prize Fund was registered on 23 August 2002 as a subsidiary charity, registration number 312873-1, with a permanent endowment fund and linked to the British School of Osteopathy. For the purpose of these accounts the charity is accounted for on the basis that the management of its assets is undertaken by the School.



## Notes to the Financial Statements for the year ended 31 July 2006

### 15 Restricted Funds

	Balance 1 August 2005	Incoming Resources	Outgoing Resources	Trans- fers	Gains and Losses	Balance 31 July 2006
	£	£	£	£	£	£
Student Bursary Fund	187,147	10,317	14,535	6,800	-	189,729
HSA Scholarship	66,450	-	18,485	-	-	47,965
Ursula Hogg Fund	13,649	-	-	-	648	14,297
Student Support Funds	-	15,080	15,080	-	-	-
Elderly Clinic Plinth Fund	4,738	-	-	-	-	4,738
Children's Clinic Plinth Fund	2,000	-	-	-	-	2,000
Course Delivery Fund	3,000	-	3,000	-	-	-
Learning Resources Fund	1,000	-	1,000	-	-	-
Research Fund	3,000	(1,000)	-	-	-	2,000
Sir James Knott North-East of England Recruitment Fund	1,230	-	-	-	-	1,230
Astra Zeneca Children's Long Term Equipment Fund	2,500	-	-	-	-	2,500
Community Children's Clinic Fund	2,800	14,450	15,564	-	-	1,686
Community Elderly Clinic Fund	8,188	9,500	15,688	-	-	2,000
Community Homeless Clinic Fund	-	2,750	2,750	-	-	-
The Children's Clinic Fund	16,600	3,000	1,872	-	-	17,728
HIV/AIDS Clinic Fund	23,431	-	18,264	-	-	5,167
Sandler Annual Golf Day Fund	4,270	6,372	4,546	-	-	6,096
Donated books and goods sales by John Telford	1,416	1,312	2,335	-	-	393
R K Hardy Prize Fund	706	-	300	-	550	956
<b>Total</b>	<b>342,125</b>	<b>61,781</b>	<b>113,419</b>	<b>6,800</b>	<b>1,198</b>	<b>298,485</b>

#### Student Bursary Fund

This was established on 7 April 1992. The fund provides loans to students who demonstrate the ability to qualify as osteopaths but have limited resources to pay the fees. Each loan is repayable within five years following graduation or immediately upon leaving without qualifying.

#### HSA Scholarship

The HSA donated £25,000 on the 25 June 2003 to establish a fund to provide a fully funded place for one student demonstrating outstanding abilities, who would not otherwise be able to attend the School. Further donations of £25,000 were received this year and last year to support another two fully funded places on the course. On the 18 April 2005, following the School's partnership with the University of Bedfordshire and the receipt of government funding which lowered the student's contribution towards their fees, the HSA agreed that the unspent balance could be used to support funded places for a number of students for the academic years 2005/06 onwards.

#### Student Support Funds

A number of bursaries were donated to students towards their fees and education. The total amount received supported a number of students and the School would particularly like to thank the Enron Hall and the Osteopathic Educational Foundations.

#### Ursula Hogg Fund

This is a memorial fund established on 18 February 1998. The interest on the capital of £10,000 will pay grants towards fees for students who, for financial reasons only, would not otherwise qualify as an osteopath.



### **Community Clinics' Funds**

This fund makes a real difference to the amount of treatment the School can offer to elderly, children and the homeless people in the local community. Each clinic is unique in its offering, providing osteopathic care of the highest quality and standard to some of the most vulnerable groups of people within our society. Donations for the Beormund School Children's Clinic which provides osteopathic care for children with emotional and behavioural difficulties were received from the Rothschild Foundation, The Rufford Maurice Laing Foundation, The Swire Charitable Trust, The Adrienne & Leslie Sussman Charitable Trust, The Inverforth Charitable Trust and the Mr & Mrs J A Pye's Charitable Settlement. Donations for the clinics treating the elderly at the Stone End Day Centre and Lucy Brown House were received from The David and Frederick Barclay Foundation, The Robert Gavron Charitable Trust, the Joseph Strong Frazer Trust as well as other funders. A donation for the Manna Centre Osteopathic Clinic which continues to offer care to the homeless was received from Coutts & Co Charitable Trust and the PF Charitable Trust.

### **HIV/AIDS Clinics**

The HIV/ AIDS clinic within the Royal Free Hospital was established in 2004 following the success of the Chapman Clinic which is situated within the School. Both of these clinics provide treatment for patients with HIV infection.

### **The Annual Sandler Golf Day**

Once again, Steve Sandler has excelled in his fundraising effort to provide another successful golfing event. Golf Day 2006 raised £2,826 (2005: £1,100). This amount plus the balance carried forward from the previous year has been restricted for improving the student learning experience which this year purchased £1,000 of library books.

### **Other funds**

Only space prevents us describing every fund and valued donor here. John Telford continues to carry in huge bags of books which are sold in the clinic to raise funds totalling £1,312 (2005: £1,483). Donations were also received from The Dyers' Charitable Trust towards the expansion of the Children's Clinic and the Astor Foundation.



## Notes to the Financial Statements for the year ended 31 July 2006

### 16 Corporate Share Capital

	<u>Balance</u> <u>1 August</u> <u>2005</u> £	<u>Movement in funds:</u> <u>Incoming</u> <u>Expended</u> <u>Resources</u> <u>and Transfers</u> £                    £		<u>Balance</u> <u>31 July</u> <u>2006</u> £
Shareholders' funds and Share Premium	952	10	-	962
	<u>952</u>	<u>-</u>	<u>-</u>	<u>962</u>

#### Shareholders' funds and Share Premium Account

These corporate capital funds consist of the following:

#### Called Up Share Capital

Authorised:

	<u>2006</u> £	<u>2005</u> £
4,906 Ordinary shares of £1 each	4,906	4,906
94 'B' shares of £1 each	94	94
	<u>5,000</u>	<u>5,000</u>

#### Allotted, issued and fully paid:

Ordinary shares of £1 each	481	480
'B' shares of £1 each	94	94
	<u>575</u>	<u>574</u>

One Ordinary share was issued during the year (2005: 1).

#### Share Premium Account

	<u>2006</u> £	<u>2005</u> £
1 August 2006	378	369
Premium on shares issued in the year	9	9
	<u>387</u>	<u>378</u>



## Notes to the Financial Statements for the year ended 31 July 2006

### 17 Designated Funds

	Balance 1 August 2005	Incoming Resources	Outgoing Resources	Transfers	Interest received	Balance 31 July 2006
	£	£	£	£	£	£
Godfrey M Frischmann Fund	11,044	-	(511)	-	500	11,033
Tangible Fixed Asset Fund	2,203,554	-	-	(100,954)	-	2,102,600
Special Projects Fund	99,000	-	-	-	-	99,000
University of Bedfordshire Fund	229,016	-	(64,207)	(164,809)	-	-
Building Fund	-	-	-	301,475	-	301,475
Reserve Policy Fund	350,000	-	-	-	-	350,000
<b>Total</b>	<b>2,892,614</b>	<b>-</b>	<b>(64,718)</b>	<b>35,712</b>	<b>500</b>	<b>2,864,108</b>

#### Godfrey M Frischmann Fund

This is a memorial fund established on 4 June 1993. The interest on the £10,500 capital fund is used to assist, by way of grants, exceptional students who have limited resources to support their study.

#### Tangible Fixed Asset Fund

The Tangible Fixed Asset Fund represents corporate reserves used for financing the buildings, equipment, etc., retained for the School's own use and which as such are not readily available for other purposes.

#### Special Projects Fund

The Special Projects Fund represents money set aside for exceptional activities such as major refurbishment works or new educational initiatives.

#### University of Bedfordshire Fund

The University of Bedfordshire Fund was used for additional costs incurred during the transition to public funding. The remaining balance was transferred into the Building Fund.

#### Building Fund

The Building Fund represents money set aside towards the cost of purchasing new space for the school to provide more teaching space or a separate clinical provision.

#### Reserve Policy Fund

The Reserve Policy, which was initially approved by the Board of Directors on 27 June 2002 and reaffirmed on 28 June 2006, is to hold liquid reserves of £350,000.



## Notes to the Financial Statements for the year ended 31 July 2006

### 18 Transfers

The transfers between funds comprise of:

- o £6,800 (2005: £6,670) from unallocated general funds to restricted funds as the School's contribution to the Student Bursary Fund.
- o £35,712 transferred from unallocated general funds to designated funds. This includes a transfer for the current year's expenditure on fixed assets less depreciation which is funded by the Tangible Fixed Asset Fund as well as the transfer of the remaining balance in the University of Bedfordshire Fund to create a new designated fund to be retained for purchasing new space for the School to provide more teaching space or a separate clinical provision (see note 13).

### 19 Analysis of Assets between Funds

Fund balances at 31 July 2006 are represented by:

	Restricted Funds £	Endowed Trust Capital £	Corporate Capital Reserves £	Designated Funds £	General Funds £	Total Funds £
Tangible Fixed Assets	-	-	-	2,102,600	-	2,102,600
Social Investments	70,295	-	-	-	-	70,295
Other Investments	-	-	-	-	396,308	396,308
Current Assets						
- Cash	228,190	11,576	962	762,433	204,584	1,207,745
- Debtors	-	-	-	-	125,108	125,108
Current Liabilities	-	-	-	(925)	(296,176)	(297,101)
	<b>298,485</b>	<b>11,576</b>	<b>962</b>	<b>2,864,108</b>	<b>429,824</b>	<b>3,604,955</b>

### 20 Commitments - Operating Leases

At 31 July 2006, the School has the following annual commitments under non-cancellable operating leases expiring as follows:

	<u>2006</u> £	<u>2005</u> £
<b>Land and buildings:</b>		
Expiring in more than five years:		
On ground rent for 275 Borough High Street	22,500	22,500
<b>Equipment:</b>		
Expiring in less than three years	10,207	-
	<u>32,707</u>	<u>22,500</u>