



# THE BRITISH SCHOOL OF OSTEOPATHY

Annual Report and Financial Statements  
year ended 31 July 2007

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## Report of the Directors

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### Introduction

Since the British School of Osteopathy (BSO) moved to Borough High Street in 1997, the status of both the osteopathic profession and the qualifications awarded by the School have undergone considerable change. Therefore, demand for osteopathy is increasing as it moves into mainstream provision. The BSO has progressed from offering a BSc(Hons) as a private institution to awarding a B.Ost with public funding via HEFCE through collaboration with the University of Bedfordshire. This has reduced the fees paid by our undergraduate students and so demand to study osteopathy has grown dramatically.

Whilst the large outpatients' clinic remains the distinctive focus of the BSO's teaching, the increase in student numbers gives rise to changing spatial requirements for course delivery. Therefore, the School sought to relocate the clinic by purchasing an additional ground floor building, with the freed-up space in our current building to be converted into additional teaching and learning accommodation for students. This will allow us to maintain our quality provision but also enable us to expand our course provision and move the BSO forward in a competitive arena.

On 30 August 2007, the School purchased the leasehold of 98-118 Southwark Bridge Road, an 11,000 sq ft property a few minutes walk from our main building. This site will provide our clinical provision and there will be 35 climate controlled treatment rooms all on ground floor level providing the most modern state of the art osteopathic clinic in Europe. The site is undergoing its fit out over the coming year and we aim to move in during March 2008. This will then allow us to develop the facilities at our current building in Borough High Street, increasing space for teaching, computers and learning resources as well as research. An Appeal will be launched in 2008 and the School is developing a fundraising strategy.

The School has had another very successful year with a number of achievements, including a strong student recruitment, a review of our undergraduate course provision following the production of the osteopathy benchmarking statement, the development of an M.Ost programme due to start in the academic year 2008/09 and the opening of a new community clinic for children in Southwark as part of the government's SureStart programme. The School is also looking to expand its postgraduate provision further in the coming year with the development of a Professional Doctorate and Masters qualification in Osteopathy in the Cranial Field

The School also satisfactorily completed the annual monitoring requirements of the General Osteopathic Council in respect of its Recognised Qualification status and will be undergoing its 5 year RQ renewal inspection in November 2007. This inspection will be carried on behalf of the General Osteopathic Council by the Quality Assurance Agency (QAA).

### Widening Participation

A strong feature of work on student recruitment and marketing this year was the development of a Strategy for Widening Participation, which was formally approved by the Board of Trustees on Wednesday 18th April 2007. The Strategy sets out the School's approach to removing barriers to participation in osteopathic education by non-traditional students, especially those from less advantaged socio-economic backgrounds. Key features of the Strategy include targeted partnerships with inner city schools and careers advisors, and a significantly more generous bursary scheme offering financial support to students from low-income families.

The admissions team continued to visit a wide range of schools, colleges and higher education fairs to promote osteopathy as a career. Student recruitment was strong in all areas over the year, with significant competition for places on both pathways of the B.Ost programme.

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

There have been no major issues with the delivery or assessment of the B.Ost this year. Adjustments have been made to the assessment types of some units and these have been agreed by Teaching Quality and Standards Committee at the University of Bedfordshire.



## Report of the Directors

The osteopathy benchmarking statement has been published and institutions have been asked to ensure they comply by September 2008. The Course Team have undertaken a full mapping exercise and any amendments will be rectified in the proposed new M.Ost course.

The review of the B.Ost is underway and a project to explore the views of faculty and recent graduates has been undertaken. A questionnaire was sent out and this explored which aspects of the current course are core and which were considered to be elective. Suggestions were asked for possible electives and clinical tutorials. This data is informing the course team in its development of the M.Ost programme.

The student induction programme was further revised including a review of contemporary osteopathic practice and the different aspects of being an osteopath. These included looking at working abroad and developing a career in osteopathic education. The aim is to ensure that students look at different scenarios open to osteopaths other than private practice, including working with children, sports injury treatment, working abroad and NHS work.

### B.Ost Student outcomes 2006-07

Intake	Number of students at start of year	Number of students completing year	% successfully progressing
Full-time Year 1	89	80	90
Full-time Year 2	83	80	96
Full-time Year 3	95	89	94
Full-time Year 4	94	88	94
Part-time Year 1	42	34	81
Part-time Year 2	27	26	96
Part-time Year 3	20	18	90
<b>Total</b>	<b>450</b>	<b>415</b>	<b>92</b>

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

- Pass with Distinction 7
- Pass 74
- Non-Practising Degree 2
- Refer 5

In September 2006, 64 students graduated of which 61 are registered with the General Osteopathic Council and are in practice, 1 is practising overseas, 1 is taking a year-out but planning to register and 1 is not registered (2005: 76 graduates (75 registered; 1 not registered).

### Foundation Phase Studies

This was the first year since the early 1990s that we ran no bridging courses (FPUs) for students to enable them to upgrade their knowledge of science before embarking on their osteopathic studies. The decision to end FPUs was a natural consequence of the higher academic quality of entrants onto the degree programme in recent years, rendering the FPU programme unnecessary. The Access to Osteopathic Health Care course had another successful year. Twenty five students were recruited of which twenty one successfully completed the one-year part-time course. All but one of these subsequently went on to join the B.Ost.

### Postgraduate Education

The two-year part-time MSc programme in Paediatric Osteopathy, validated by the University of Bedfordshire, which the School runs in conjunction with the Foundation of Paediatric Osteopathy, recruited 23 students onto the first year. Of 22 continuing students 19 successfully completed the programme, becoming the first students in the world to gain a recognised masters degree in this area of osteopathy.



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## Report of the Directors

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In view of the development work for a planned M.Sc in Osteopathy in the Cranial Field, to run, subject to validation by the University of Bedfordshire from September 2008, no new students were enrolled onto the Postgraduate Diploma course. 2 continuing students successfully completed the Diploma during the year with a further 4 students continuing their studies.

### Faculty and Staff Development

The School continues to invest in the development of its staff and faculty seeking to ensure that all its employees have access to the education and training that is required to deliver a quality service to our students. Our annual residential staff development weekend took place on the 23/24<sup>th</sup> November 2006 where over one hundred members of staff attended to follow a varied programme of updating and development activities on the theme of "Facing up to the Future." Following the weekend, Professor Tamar Pincus and the postgraduate team developed a three-day CPD course on Cognitive Factors in Pain that was attended both by members of BSO faculty and external delegates. In July 2007 twenty-one members of the B.Ost Course Team took part in a further two-day residential development event.

Faculty and staff were sponsored on a wide range of award-bearing courses. During the year seventeen BSO faculty gained a Postgraduate Certificate in Academic Practice awarded by our partner, the University of Bedfordshire, and thus gained eligibility for Fellowship of the Higher Education Academy. Other postgraduate courses were supported and sponsored by the BSO in various areas of work, including: Doctorate in Education; Postgraduate Diploma in HRM; Masters in Academic Practice; Graduate Diploma in Law; ACCA Accountancy qualifications and PhD studies.

Our two-day Introduction to Teaching in Higher Education programme is compulsory for all new members of faculty who lack a teaching qualification, and successful sessions were run again this year. Other staff development activities included an institution-wide *Respect for People* diversity training programme, a training day for our full-time academic staff, training on our new Interactive Whiteboard equipment, fire warden training, project management training and training in staff appraisal. A further innovation this year was the successful introduction of a peer observation of teaching scheme for faculty.

### Student Support and Academic Guidance

Osteopathy is a challenging and rewarding field and the B.Ost clearly reflects this. It is acknowledged that there will be times when the students need to push themselves to gain success and that sometimes they may not always achieve their goals, but the BSO is an environment that provides support on these occasions.

The Student Learning Adviser is able to help in all areas of academic guidance including initial dyslexia screenings and the provision is tailored to the individual student's needs. Students are encouraged to seek the support they require, individuals regularly drop in to the office and access the support they need at the times when they need it

Students are also given support in essential areas such as essay writing, exam preparation note taking, time management, presentation skills, study and memory techniques as well as introducing the students to the developing world of Osteopathic Research. Student Support at the BSO is bolstered by the Professional Development Portfolio (PDP), named to reflect the vocational nature of the course and to underline its relation to the Continuing Professional Development documentation required of all Practising Osteopaths. The purpose of the PDP is to give the students a canvas on which to record their self managed learning and be reflective on the course in general. Academic support and guidance has developed greatly over the last year and continues to evolve to best meet the needs of the students.

### Clinic & Community Clinics

The aims of the clinic have been to increase patient numbers to support the growing need of the students studying at the BSO, improving the quality of clinical education and student support and to extend clinical provision within the community.

The Clinic saw a significant increase in patient numbers over the year, with 41,483 patient appointments seen; this equates to an increase of approximately 9.4% on 2005/6. The total number of new patients also increased. 8814 new patients attended the general clinic, equivalent to an increase of 21.3% on 2005/6.



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## Report of the Directors

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As part of the continued restructuring and strengthening of the clinic management and administration a new Head of Clinical Practice and a Head Receptionist were recruited, with a continued focus on patient services and the development of clinical education. To support an increase in student numbers progressing into the clinical education phase of the course 8 new clinic tutors were recruited to support the general clinic, and expand clinical provision within the community.

The BSO have purchased new premises for the clinic, and plans to relocate are in place for March 2008. This state-of-the-art clinic will allow for improved quality of patient care, better disabled access and enhance the teaching of osteopathic clinical practice by providing significantly improved teaching and learning facilities.

A range of projects have also been instigated within the domain of osteopathic education. These include the provision of greater support for students struggling with the clinical component of the course and the introduction of a new assessment programme designed to provide students with meaningful feedback earlier and

Future plans include preparing for the relocation of the clinic to new premises in Southwark Bridge Road, introduction of new clinic reception software for patient appointments and clinical audit and development of the Osteopathic Practice component of the course for the M.Ost.

The success of the external community clinics in 2007 has reinforced the School's position as a centre of excellence in both osteopathic education and the provision of osteopathic treatment. The School continues to be committed to supporting the provision of free osteopathic treatment to vulnerable groups within the local community, who through social or economical difficulties are unable to access private osteopathic treatment.

2007 saw the launch of two new community clinics within the London Borough of Southwark; Darwin Court and 1<sup>st</sup> Place.

**Darwin Court** is a pioneering scheme in Southwark providing homes exclusively for people over 50 and facilities for the whole community. Completed in 2003, the development aims to meet the changing needs of older people whilst promoting the principle of mutual help without the loss of individual independence. The development comprises of 76 properties known as "lifetime homes".

The osteopathic clinic at Darwin Court was launched in January 2007 providing consultation and treatment every Wednesday afternoon for both tenants and non-tenants of various outreach groups. These groups include: The Seasons Project (Southwark elderly active support outreach and network services) run by Peabody Trust and funded by Southwark council. The black elder's mental health project and sports action zone who operates a 50+ keep-fit class at Darwin Court. The osteopathic clinic takes place within the purpose built health suite located on the ground floor.

**1<sup>st</sup> Place Children and Parents Centre** is a modern purpose built centre located in Burgess Park and is a government lead initiative aimed at offering a full range of services and activities to ensure that parents and children have a healthy and happy experience of childhood and parenting. As well as providing innovative high quality learning experiences for young children, 1<sup>st</sup> Place aims to nurture a community culture which is inclusive, embraces diversity as well as cares for the environment. In this way 1<sup>st</sup> Place hopes to support the regeneration of the local community and contribute to long term social and economic stability of the area.

This children's osteopathic clinic was launched on 14<sup>th</sup> June 2007 and operates on a Thursday morning. The School occupies two large treatment areas within the centre offering free osteopathic treatment for children between the ages of 0-5, working in close collaboration with local health visitors and midwives. Whilst supporting the individual needs of each child, the clinic also increases awareness of parents, staff, health visitors and other users of the centre of the benefits that osteopathy may bring in supporting the health care of children.

The School continues to demonstrate strong support and commitment for the community clinics and looks forward to enhancing its profile in 2008, providing further unique clinical experiences for all BSO undergraduates.



## Report of the Directors

### Patient numbers 2006-07

On-site clinics	2006	2007
Total number of new patients	7269	8814
Total number of on-going patients	30654	32669
Total number of new & on-going patients	37923	41483

	Total number of patient treatments in Community Clinics	
	2006	2007
Chapman	514	456
Royal Free	617	481
Elderly Clinics	311	474
Manna Homeless Project	218	270
Beormund School	245	160
East Street Clinic	553	644
<b>Total</b>	<b>2458</b>	<b>2485</b>

### 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 a number of publications in peer reviewed journals and successful presentation of work at osteopathic research conferences as well as at general medical conferences nationally and internationally. Students from the school have also been supported in submitting their work to journals for publication.

We successfully organised and hosted the 4<sup>th</sup> multidisciplinary research conference: "Chiropractic, Osteopathy and Physiotherapy: Moving forward through research and practice". The conference attracted over a hundred delegates and included 31 presentations of student based work with two keynote speakers. The research team have led in organising an education conference that will take place in February 2008 in partnership with the Osteopathic International Alliance.

We have continued to deliver post graduate teaching and supervision. The team has led on revising and implementing the schools Research governance and Ethical review policy and process. Within the team there has been a progression for those studying for higher research based degrees. Two members of the team anticipate completing and submitting in 2008.

The study examining the effect of fear of pain in back pain patients is near completion. In partnership with Royal Holloway, University of London, we are using functional brain imaging to examine patients' responses to a range of stimuli. The internally funded project examining the relationship between the characteristics of students at inception and their educational achievement is complete and write up is pending. We have carried out survey work across regional conferences organised by the general osteopathic council. The analysis is complete and write up is ongoing.



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## Report of the Directors

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Three new grant applications have successfully gone through to the second round of application with the National Council for Osteopathic Research. One new project has been accepted to the second round by the University of Bedfordshire. Several collaborative grants have also been submitted to the ARC, ESRC and BUPA foundation.

We have also run a half day strategic development workshop to inform the further development of the School's research strategy.

### Human Resources and Business Development

This year, the HR team have focused on a number of key projects. Recruitment has been particularly strong during the year, including the appointment of a Head of Clinical Practice, a Mixed Mode Co-ordinator and a Head of Postgraduate Education during the year. In April a Tutor Open Day was held, with twenty-five potential tutors undergoing a series of assessments and interviews to select new clinic tutors and technique tutors to support students. Thirteen new appointments have been made from this pool of new teaching staff, with a short waiting list of other suitable candidates held. Three existing members of teaching staff took on full-time contracts with the School during the year, continuing our drive to increase full time teaching roles.

Another key focus for the team has been health and safety, following up on the audit the previous year. A detailed fire risk assessment was carried out, and training delivered to fire wardens across the School. A positive inspection was held by the local fire officer. Appraisal training was also held during the year for managers, and new information packs for managers designed to help them deliver appraisals and manage sickness absence. The appraisal system was re-launched in the summer term, with very positive results.

With new responsibility for business development within the team, some new areas have been targeted during the year. In particular, the School's café has been renovated, and the service brought in-house with the appointment of a Café Manager in the autumn term. The café is not a profit-making enterprise, but seeks to provide good-quality food at affordable prices for students and staff, including those attending mixed mode weekend teaching.

Other business development activities have included the promotion and marketing of professional development courses (such as the Psychological Management of Pain course piloted during the year), the promotion of room hire at our Borough High Street premises, and the preparatory work undertaken to support the capital fundraising appeal linked to the purchase of the new clinic property in Southwark Bridge Road.

### 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 two children's clinics. 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 £29,350 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 totalling £43,374 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.

The total fundraising income for the current year amounts to £87,611 and the School is grateful to Stephen Sandler, who organises the annual BSO Golf Day which raised £2,350 and also to John Telford, who organises the book sale in the BSO clinic, which has raised a total of £1,936 during the year.





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## Report of the Directors

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### 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 during the 2006-2007 academic year as part of a rolling 4-year hardware replacement programme. A wireless access facility was installed in the Learning Resource Centre for student use and an interactive whiteboard was added to one of the teaching rooms.

The BSO e-mail system was thoroughly revised and upgraded versions were installed in order to enhance the School's communication system. On-line tutorials were developed to facilitate roll-out of the FirstClass client, in place of the web interface, for use by all users in interacting with the school's groupware system. A Moodle system was developed to provide a virtual learning environment (vle) for delivering BSO course materials.

### Estates & Facilities

Over the summer a second whole year teaching room was created from several smaller rooms. The room was fitted with new carpets, furniture and air-conditioning, improving the learning environment for both students and tutors and providing a much needed and useful teaching space.

The student common room/bar area also saw major refurbishments this year. The existing area was dark and unwelcoming with poor use of space. A review of the area was undertaken and a new bar was designed and installed. The resulting area is modern and bright creating a pleasant area for students to socialise and relax. The bar area also incorporates a café, and part of the refurbishments involved fitting out a new kitchen enabling us to improve the catering facilities available to both students and staff.

The proposed purchase of a new clinic site combined with increased student numbers will require further space planning and refurbishment projects within the Borough High Street building next year. There are plans to install fixed tiered seating into a ground floor lecture room increasing the capacity to 120 thereby fulfilling the requirements for teaching space. A second ground floor lecture room will be refurbished at the same time to improve the sound and heat issues currently associated with the room.



## Reference and Administrative Details

### 1 Name, Address and Registered Numbers of the Charity

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 Address – 275 Borough High Street, London SE1 1JE
- Registered Charity numbered – 312873; and a
- Registered Company numbered – 146343

### 2 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:

		31 July 2007	31 July 2006
		Ordinary £1 shares	Ordinary £1 shares
Graeme	Atherton (appointed 27 June 2007)	-	-
Mark	Corson	1	1
Tracy	Davies	-	-
Greyham	Dawes	-	-
Peter	Gist (appointed 27 June 2007)	-	-
Charles	Hunt	-	-
David	Langley	-	-
Patrick	Luppi (resigned 27 June 2007)	-	-
Steven	Monger-Godfrey (Chair)	-	-
Philip	Peake	-	-
David	Sines (appointed 27 June 2007)	-	-
Prof. Linda	Thomas (resigned 27 June 2007)	-	-
Prof. Stephen	Tyreman	1	1

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

### 3 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         Dean of Undergraduate Studies
- J Smith          Finance Director
- S Vogel          Head of Research
- N Waters         Head of HR & Business Development



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## Reference and Administrative Details

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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

#### 4 Professional Advisors

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 &Hamlins, Sceptre Court, 40 Tower Hill, London EC3N 4DX

INVESTMENTS: Rathbone Investment Management Ltd  
Charlotte House, 2 South Charlotte Street, Edinburgh  
EH2 4AW



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# Structure, Governance and Management

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## 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
- Fundraising 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.



## Structure, Governance and Management

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 £5.8m 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.



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## 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 acquire a new building to provide more teaching space or a separate clinical provision
- To review our undergraduate course provision following the production of the draft benchmarking statement
- To explore our postgraduate course provision with emphasis on providing a professional doctorate course
- To improve the student learning experience by refurbishing by refurbishing recreational areas, providing additional facilities and creating extra teaching space in our current building
- To increase our osteopathic clinical provision for children in the local community.

### 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.



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## Objectives and Activities

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- 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
- 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 Foundation for Paediatric Osteopathy
- 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.



## Financial Review

### 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.

### 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 5.2% (2006: 3.8%) compared with a base rate average of 5.17% (2006: 4.75%). The investment return achieved on longer term investments was 14.21% (2006: 20.4%) against the WM Charity Universe performance of 15.1%.

### 3 Incoming Resources

Total income increased by 12% from £3,136k to £3,511k, compared to an increase of 6% in 2006.

Undergraduate student fee income is 37% greater than in 2006 (2006: 0.7% decrease). The fees paid by 'home' and EU full-time students prior to 2006 entry for the academic year are £1,200 (2006: £1,175) and post 2006 entry £3,000 (2006: n/a); and for students attending the Mixed Mode course £2,550 (2006: £2,500). The contract income received via the University of Bedfordshire increased by 4% to £1,797k (2006: £1,730k). The number of undergraduate students attending at the beginning of the academic year was 450 (2006: 408). The income from postgraduate courses increased by 42.5% (2006: 82% increase due to the new MSc in Paediatric Osteopathy which started in September 2005).

Clinic income increased by 8.2% compared to last year (2006: no increase from 2005). The number of fee paying treatments given increased from 37,923 to 41,483. The actual income for the year is £521k (2006: £482k) and expenditure (including clinic reception and support costs) on Clinical Education is £1,403k. Therefore, the percentage of 'clinical education costs covered by contributions from patients' is 37% (2006: 38%). A further £15k (2006: £31k) of the expenditure was covered by donations, bringing the total covered to 38% (2006: 41%).

Donations decreased from £122k to £88k, resulting in a decrease of 28% (2006: 7% decrease from 2005). The actual associated costs (including support costs) are £51k but this includes £21k spent on fundraising consultants for the capital campaign to raise funds for the new clinic building. Therefore, the percentage of 'fundraising costs to funds raised' (excluding consultancy) is 34% (2006: 23%). The amount of restricted income received for the year is £29k (2006: £62k).

### 4 Resources Expended

The School spent £3,466k (2006: £3,220k), on delivering its academic education, clinical practice, research and their associated support costs. This is 8% higher than last year (2006: 15% increase). Direct staff costs in these areas rose by 11% (2006: 15%) to cover pay rises during the year and further pay increases in line with recommended pay within the HE Sector as well as additional clinic tutors and teaching staff due to the increase in student numbers. Overall, undergraduate academic education costs increased by 12% (2006: 14% increase); postgraduate education costs decreased by 13% (2006: 71% increase); clinical education costs rose 14% (2006: 15%); and research costs decreased by 3% (2006: 17% increase).

Total expenditure increased by 7% from £3,303k to £3,542k, compared to a 15% increase last year. Total staff costs increased by 12% (2006: 16%) which is an 8.5% increase on the total expenditure in 2006 (2006: 11% increase).





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## Financial Review

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The total expenditure during the year averages out to a cost of £7,871 per undergraduate student (2006: £8,095). The highest fee charged to a student was £6,950 (2005: £6,800), but the average fee charged to an undergraduate student was £1,818 (2006: £1,463). This average fee excludes income received from the University of Bedfordshire towards course fees.

During the year fixed assets purchased were to:

- Replace ICT equipment and a franking machine - £43k
- Refurbish student recreational area and refit café plus kitchen - £71k
- Refurbish teaching rooms - £39k

### 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:

28/4/08

Charles Hunt – Trustee, Principal and Chief Executive



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## 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 2007 as set out on pages 19 to 37. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 23 to 24.

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 11 and 12, 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.



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## 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 2007 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

2 MAY 2008



## Statement of Financial Activities for the year ended 31 July 2007

(incorporating the company's Income & Expenditure Account)

	Note	Unallocated General Funds (£)	Designated Funds (£)	Restricted Funds (£)	Total Funds 2007	Total Funds 2006
<b>Incoming resources</b>						
<b>Incoming resources from charitable activities</b>	2					
Undergraduate and postgraduate student fees		2,783,596			2,783,596	2,451,887
Clinic income		521,132			521,132	481,816
Other income		58,141			58,141	16,332
		<b>3,362,869</b>	<b>0</b>	<b>0</b>	<b>3,362,869</b>	<b>2,950,035</b>
<b>Incoming resources from generated funds</b>	3					
Voluntary Income		58,363		18,300	76,663	107,864
Activities for generating funds		9,325		9,456	18,781	17,753
Investment Income	4	50,655	550	1,270	52,475	60,519
		<b>118,343</b>	<b>550</b>	<b>29,026</b>	<b>147,919</b>	<b>186,136</b>
<b>Other incoming resources</b>						125
<b>Total Income</b>		<b>3,481,212</b>	<b>550</b>	<b>29,026</b>	<b>3,510,788</b>	<b>3,136,296</b>
<b>Resources expended</b>						
<b>Charitable activities</b>						
Academic Education		1,935,919	500	23,133	1,959,552	1,851,702
Clinical Education		1,376,303		26,955	1,403,258	1,261,062
Research		103,607			103,607	106,771
<b>Total resources expended</b>	5	<b>3,415,829</b>	<b>500</b>	<b>50,088</b>	<b>3,466,417</b>	<b>3,219,535</b>
<b>Costs of generating funds</b>						
Costs of generating voluntary income		44,778			44,778	24,012
Fundraising trading: cost of goods sold and other costs		1,248		5,170	6,418	4,687
Investment management costs		4,721			4,721	4,355
		<b>50,747</b>	<b>0</b>	<b>5,170</b>	<b>55,917</b>	<b>33,054</b>
<b>Governance costs</b>		19,478			19,478	50,108
<b>Total resources expended</b>		<b>3,486,054</b>	<b>500</b>	<b>55,258</b>	<b>3,541,812</b>	<b>3,302,697</b>
Realised investment gains/(losses)		21,870			21,870	29,092
<b>Net income for the year before transfers</b>		<b>17,028</b>	<b>50</b>	<b>(26,232)</b>	<b>(9,154)</b>	<b>(137,309)</b>
<b>Transfers</b>						
Gross transfers between funds	18	(349,460)	339,460	10,000	0	0
<b>Net incoming resources before other recognised gains &amp; losses</b>		<b>(332,432)</b>	<b>339,510</b>	<b>(16,232)</b>	<b>(9,154)</b>	<b>(137,309)</b>
<b>Other recognised gains/losses</b>						
Gains and losses on revaluation of investment assets		21,369			21,369	22,534
Issue of Share Capital	16	10			10	10
<b>Net movement in funds</b>		<b>(311,053)</b>	<b>339,510</b>	<b>(16,232)</b>	<b>12,225</b>	<b>(114,765)</b>
<b>Reconciliation of Funds</b>						
Total funds brought forward		430,786	2,864,108	310,061	3,604,955	3,719,720
<b>Total funds carried forward</b>	19	<b>119,733</b>	<b>3,203,618</b>	<b>293,829</b>	<b>3,617,180</b>	<b>3,604,955</b>

Restricted fund balances include £11,576 (2006: £11,576) endowed trust capital.



## Balance Sheet at 31 July 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Tangible assets	10	2,141,060	2,102,600
Investments	11	445,798	396,308
Social Investments	11	49,318	70,295
		<b>2,636,176</b>	<b>2,569,203</b>
<b>CURRENT ASSETS</b>			
Debtors	12	327,296	125,108
Cash at bank		936,486	1,207,745
		<b>1,263,782</b>	<b>1,332,853</b>
<b>CREDITORS: Amounts falling due within one year</b>	13	282,778	297,101
<b>NET CURRENT ASSETS</b>		<b>981,004</b>	<b>1,035,752</b>
<b>NET ASSETS</b>		<b>3,617,180</b>	<b>3,604,955</b>
<b>TRUST FUNDS</b>			
Endowment Trust capital	14	11,576	11,576
Restricted funds	15	282,253	298,485
<b>TOTAL TRUST FUNDS</b>		<b>293,829</b>	<b>310,061</b>
Corporate Share capital	16	972	962
Unallocated general funds	18	38,563	370,995
Revaluation reserve		80,198	58,829
		<b>119,733</b>	<b>430,786</b>
Designated funds	17	3,203,618	2,864,108
<b>TOTAL UNRESTRICTED FUNDS</b>		<b>3,323,351</b>	<b>3,294,894</b>
<b>TOTAL FUNDS</b>	19	<b>3,617,180</b>	<b>3,604,955</b>

Approved by the Board of Trustees on 28/06/2008 and signed on its behalf by:

Charles Hunt



## Cashflow Statement for the year ended 31 July 2007

	Note	2007		2006	
		£	£	£	£
<b>Net cash (outflow)/inflow from operating activities</b>	A		(167,489)		(96,110)
<b>Returns on investments and servicing of finance</b>					
Interest received		55,906		72,380	
Interest paid		-		-	
<b>Net cash inflow on returns on investment and servicing of finance</b>			55,906		72,380
<b>Capital expenditure</b>					
Purchase of investments		(65,024)		(153,625)	
Sale of investments		58,773		138,286	
Receipts from sale of tangible assets		-		1,924	
Payments to acquire tangible assets		(153,435)		(39,900)	
<b>Net cash outflow for capital expenditure</b>			(159,686)		(53,315)
<b>Net cash outflow before management of liquid resources and financing</b>			(271,269)		(77,045)
<b>Financing</b>					
Issue of shares		10		10	
Loan repayments		-		-	
<b>Net cash inflow/(outflow) from financing</b>			10		10
<b>Decrease in cash in the year</b>			(271,259)		(77,035)

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 2007

### A. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Net movement in funds per SOFA	12,225	(114,765)
Less: Investment income	(52,475)	(60,519)
Add: Interest payable	-	-
Gains and losses on investments	(43,239)	(51,626)
Less: Issue of shares	(10)	(10)
<b>Operating (loss)</b>	<b>(£83,499)</b>	<b>(£226,920)</b>
Depreciation of tangible assets	114,050	131,329
(Profit) / loss on sale of tangible assets	-	1,523
(Increase) / decrease in debtors	(14,306)	68,105
Increase / (decrease) in creditors	16,100	29,139
Prepayments (increase) / decrease	(170,336)	(18,338)
Accruals increase / (decrease)	(29,498)	(80,948)
<b>Net cash (outflow) from operating activities</b>	<b>(£167,489)</b>	<b>(£96,110)</b>

### B. ANALYSIS OF NET FUNDS Other

	<u>1 August 2006</u>	<u>Cashflow</u>	<u>changes</u>	<u>31 July 2007</u>
	£	£	£	£
Cash at bank	1,207,745	(271,259)	-	936,486
Net funds	1,207,745	(271,259)	-	936,486

### C. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

	<u>2007</u>	<u>2006</u>
	£	£
(Decrease) in net cash	(271,259)	(77,035)
Cashflow from decrease in debt	-	-
Change in net funds resulting from cash flows	(271,259)	(77,035)
Opening net funds	1,207,745	1,284,780
Closing net funds	936,486	1,207,745



## Accounting Policies for the year ended 31 July 2007

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





## Accounting Policies for the year ended 31 July 2007

### 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 2007

### 2 Incoming resources from charitable activities

	<u>2007</u>	<u>2006</u>
	£	£
Foundation and Access course fees	18,003	18,892
Undergraduate course fees	818,214	597,372
University of Bedfordshire contract	1,797,051	1,730,110
Postgraduate and CPD course fees	150,328	105,513
	-----	-----
<i>Total student course fees</i>	<b>2,783,596</b>	<b>2,451,887</b>
Clinic patients' contributions for treatment by students	521,132	481,816
Other activities including student support, library and café income	58,141	16,332
	-----	-----
<i>Total incoming resources from charitable activities</i>	<b>3,362,869</b>	<b>2,950,035</b>
	-----	-----

### 3 Incoming resources from generated funds

	<u>2007</u>	<u>2006</u>
	£	£
Individuals	3,939	6,304
Legacies	43,374	47,780
Charitable foundations	29,350	53,780
	-----	-----
<i>Total Voluntary income</i>	76,663	107,864
Fundraising events	7,520	12,525
Income from sale of donated books	1,936	1,312
Income from sale of other goods	1,491	-
Room lettings	7,834	3,916
	-----	-----
<i>Total Activities for generating funds</i>	18,781	17,753
Investment Income	52,475	60,519
	-----	-----
<i>Total incoming resources from generated funds</i>	<b>147,919</b>	<b>186,136</b>
	-----	-----

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

Student bursary and loan funds	5,550	26,595
Course development and resources	7,520	5,372
Clinics	14,686	31,012
	-----	-----
<i>Total restricted funds</i>	27,756	62,979
Graduation	-	6,153
General purposes	120,163	117,004
	-----	-----
<i>Total unallocated general funds</i>	120,163	123,157
	-----	-----
<i>Total incoming resources from generated funds</i>	<b>147,919</b>	<b>186,136</b>
	-----	-----

#### **Volunteers**

Supporters and other well-wishers frequently give items to the school, which we appreciate for their usefulness. These items do not individually have a material value and are therefore not recognised in the financial statements.



## Notes to the Financial Statements for the year ended 31 July 2007

4	Investment Income	2007	2006
		£	£
	Interest on cash deposits	41,503	40,825
	Dividends and interest on listed investments	10,972	19,694
		<b>52,475</b>	<b>60,519</b>

### *Interest earned on cash deposits*

This is invested in deposits earning up to 5.2% interest and short-term deposits where interest was around 2.2%. The total income earned from cash deposits (including those belonging to endowed and other trust funds) was £41,503 (2006: £40,825).



## Notes to the Financial Statements for the year ended 31 July 2007

### 5 Total Resources Expended

#### Charitable activities

Activity	Activity undertaken directly £	Support costs £	2007 Total £	2006 Total £
Undergraduate education	1,184,486	662,149	1,846,635	1,751,553
Postgraduate education	96,656	16,261	112,917	100,149
Clinical education	992,160	411,098	1,403,258	1,261,062
Research	91,749	11,858	103,607	106,771
<b>Total</b>	<b>2,365,051</b>	<b>1,101,366</b>	<b>3,466,417</b>	<b>3,219,535</b>

#### Costs of generating funds

Activity	Activity undertaken directly £	Support costs £	2007 Total £	2006 Total £
Costs of generating voluntary income	33,367	11,411	44,778	24,012
Fundraising trading	5,334	1,084	6,418	4,687
Investment management costs	4,721	-	4,721	4,355
<b>Total</b>	<b>43,422</b>	<b>12,495</b>	<b>55,917</b>	<b>33,054</b>

#### Governance costs

Activity	2007 £	2006 £
Audit and other financial advice	18,523	14,100
Legal advice	294	35,587
Constitutional/Statutory requirements	661	421
<b>Total</b>	<b>19,478</b>	<b>50,108</b>

#### Support cost breakdown by activity

Activity	Fund-raising £	Under-graduate education £	Post-graduate education £	Clinical education £	Research £	2007 Total £	2006 Total £
Management	1,632	98,076	2,473	60,989	1,648	164,818	186,812
Finance	1,331	79,215	1,997	49,259	1,331	133,133	123,365
ICT	3,621	133,163	2,925	82,149	2,967	224,825	242,441
Estates	4,597	273,518	6,895	170,087	4,597	459,694	370,034
HR	1,314	78,177	1,971	48,614	1,314	131,390	127,027
<b>Total</b>	<b>12,495</b>	<b>662,149</b>	<b>16,261</b>	<b>411,098</b>	<b>11,857</b>	<b>1,113,860</b>	<b>1,049,679</b>



## Notes to the Financial Statements for the year ended 31 July 2007

### 6 Staff costs

#### Staff cost breakdown by activity

Activity	Direct staff costs £	Support staff costs £	2007 Total £	2006 Total £
Undergraduate education	980,497	331,121	1,311,618	1,174,076
Postgraduate education	44,449	8,348	52,797	60,408
Clinical education	957,777	205,907	1,163,684	1,019,369
Research	85,165	5,565	90,730	93,871
Fundraising	10,105	5,565	15,671	13,264
<b>Total</b>	<b>2,077,993</b>	<b>556,506</b>	<b>2,634,499</b>	<b>2,360,988</b>

	2007 Total £	2006 Total £
Wages and salaries	2,319,796	2,058,228
Employers National Insurance	200,180	176,957
Pension costs	13,026	13,783
Other staff related costs	101,497	112,020
<b>Total</b>	<b>2,634,499</b>	<b>2,360,988</b>

### 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 19 staff (2006:14 staff), amounted to £13,026 (2006: £13,783). The stakeholder pension scheme has 1 member of staff.

### 8 Employee Information

Activity	2007 Number	2007 FTE	2006 Number	2006 FTE
Academic - teaching	55	14	52	12
Academic – support services	14	10	14	9
Clinic	71	21	65	16
Clinic – support services	11	10	8	8
Research	7	3	6	2
Fundraising	0	0	1	1
Estates and ICT	7	6	6	6
Management, Finance and HR	9	9	6	6
<b>Total</b>	<b>174</b>	<b>73</b>	<b>158</b>	<b>60</b>

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

	2007 Number	2006 Number
£70,000 - £79,999	-	1
£100,000 - £109,999	1	-
<b>Total</b>	<b>1</b>	<b>1</b>



## Notes to the Financial Statements for the year ended 31 July 2007

### 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	2007 £	2006 £
C Hunt	Principal	101,496	8,333
M Corson	External Examiner	1,155	2,036
T Davies	Community Clinic Coordinator	20,856	13,669
S Tyreman	Student Learning	16,446	21,171
M Collins	Principal	-	79,333
<b>Total</b>		<b>139,953</b>	<b>124,542</b>
Pension contributions		-	5,175
<b>Total</b>		<b>139,953</b>	<b>129,717</b>

Travel expenses totalling £154 (2006: £439) were reimbursed to 2 (2006: 4) 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 2007

## 10 Analysis of Movement of Fixed Assets

	<u>Leasehold property</u> £	<u>Computers and video equipment</u> £	<u>Furniture, fixtures and equipment</u> £	<u>Total</u> £
<b>Cost:</b>				
01 August 2006	2,374,691	301,481	148,615	2,824,787
Additions	79,125	37,610	35,775	152,510
Disposals	-	-	(5,464)	(5,464)
31 July 2007	2,453,816	339,091	178,926	2,971,833
<b>Accumulated depreciation:</b>				
01 August 2006	388,596	229,709	103,882	722,187
Charge for the year	48,729	40,602	24,719	114,050
Written off on disposal	-	-	(5,464)	(5,464)
31 July 2007	437,325	270,311	123,137	830,773
<b>Net book value:</b>				
31 July 2007	2,016,491	68,780	55,789	2,141,060
31 July 2006	1,986,095	71,772	44,733	2,102,600

	2007 £	2006 £
<b>Analysis of leasehold property:</b>		
Long leasehold	1,200,000	1,230,000
Improvements to the long leasehold property	816,491	756,095
	2,016,491	1,986,095

## 11 Analysis of Movement of Investments

	2007 £	2006 £
Investment in subsidiary undertaking	1,000	1,000
Investments listed on a recognised stock exchange (see below)	428,435	305,878
Cash held as part of the investment portfolio	16,363	89,430
	445,798	396,308

### Investment in subsidiary undertaking

	2007 £	2006 £
Market Value at 31 July	1,000	1,000
Historical cost at 31 July	1,000	1,000

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.



## Notes to the Financial Statements for the year ended 31 July 2007

During the year ended 31 July 2007, the company did not trade. Its reserves at 31 July 2007 were £15 (2006: £15).

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

	£
Market value at 1 August 2006	305,878
Additions to investments at cost	138,091
Disposals at carrying value	(36,903)
Net gain/(loss) on revaluation	21,369
<b>Market value at 31 July 2007</b>	<b>428,435</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 2007 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	22,185
First State INVM ICVC	4,800	21,502
Resolution Asset Management	15,000	21,554
<b>Total</b>		<b>65,241</b>

### *Social Investments*

	2007 £	2006 £
Amounts due from loans to students	49,318	70,295

BSO Student 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

	2007 £	2006 £
Trade debtors	22,773	11,357
Other debtors	100,510	76,643
Prepayments	39,738	37,108
Prepayment for purchase of leasehold for new clinic building	164,275	-
	<b>327,296</b>	<b>125,108</b>





## Notes to the Financial Statements for the year ended 31 July 2007

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

	2007	2006
	£	£
Trade creditors	119,595	96,933
Other creditors	29,833	37,320
Accruals	90,377	131,737
Deferred income (student fees in advance)	42,973	31,111
	<u>282,778</u>	<u>297,101</u>

### 14 Endowed Trust Capital

	<u>Balance</u> <u>1 August</u> <u>2006</u> £	<u>Movement in funds:</u> <u>Incoming</u> <u>Expended</u> <u>Resources and Transfers</u> £                    £		<u>Balance</u> <u>31 July</u> <u>2007</u> £
R K Hardy Prize Fund	11,576	-	-	11,576
	-----	-----	-----	-----
	<b>11,576</b>	-	-	<b>11,576</b>
	-----	-----	-----	-----

#### 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 2007

### 15 Restricted Funds

	Balance 1 August 2006	Incoming Resources	Outgoing Resources	Trans- fers	Gains and Losses	Balance 31 July 2007
	£	£	£	£	£	£
BSO Student Loans Fund	189,729	250	889	10,000		199,090
HSA Scholarship	47,965		18,150			29,815
Ursula Hogg Fund	14,297		1,500		670	13,467
Student Support Funds	-	5,300	1,000			4,300
Elderly Clinic Plinth Fund	4,738					4,738
Children's Clinic Plinth Fund	2,000					2,000
Research Fund	2,000					2,000
Sir James Knott North-East of England Recruitment Fund	1,230		276			954
Astra Zeneca Children's Long Term Equipment Fund	2,500		536			1,964
Community Children's Clinic Fund	1,686	2,500	4,186			-
Community Elderly Clinic Fund	2,000	5,000	7,000			-
Community Homeless Clinic Fund	-	250	250			-
The Children's Clinic Fund	17,728	5,000	9,781			12,947
HIV/AIDS Clinic Fund	5,167		5,167			-
Sandler Annual Golf Day Fund	6,096	7,520	6,188			7,428
Donated books and goods sales by John Telford	393	1,936	35			2,294
R K Hardy Prize Fund	956		300		600	1,256
<b>Total</b>	<b>298,485</b>	<b>27,756</b>	<b>55,258</b>	<b>10,000</b>	<b>1,270</b>	<b>282,253</b>

#### BSO Student Loans Fund (formerly the 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 amounting to £50,000 were received 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 Thriplow Charitable Trust.

#### 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.



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## Notes to the Financial Statements for the year ended 31 July 2007

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### 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 Lord Barnby's Foundation and the Sir Jeremiah Colman Gift Trust. A donation for the clinics treating the elderly at the Stone End Day Centre and Lucy Brown House was received from The Mercers' Company. A donation for the Manna Centre Osteopathic Clinic which continues to offer care to the homeless was received from Mr & Mrs JA Pye's Charitable Settlement.

### 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 2007 raised £2,350 (2006: £2,826). This amount plus the balance carried forward from the previous year has been restricted for improving the student learning experience which this year purchased £1,018 of computer software for our research department.

### 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 £1,936 (2006: £1,312). Donations were also received from The Sobell Foundation towards the expansion of the Children's Clinic.



## Notes to the Financial Statements for the year ended 31 July 2007

### 16 Corporate Share Capital

	<u>Balance</u> <u>1 August</u> <u>2006</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>2007</u> £
Shareholders' funds and Share Premium	962	10	-	972
	-----	-----	-----	-----
	962	10	-	972
	-----	-----	-----	-----

#### Shareholders' funds and Share Premium Account

These corporate capital funds consist of the following:

#### Called Up Share Capital

<u>Authorised:</u>	<u>2007</u> £	<u>2006</u> £
4,906 Ordinary shares of £1 each	4,906	4,906
94 'B' shares of £1 each	94	94
	-----	-----
	5,000	5,000
	-----	-----
<b>Allotted, issued and fully paid:</b>		
Ordinary shares of £1 each	482	481
'B' shares of £1 each	94	94
	-----	-----
	576	575
	-----	-----

One Ordinary share was issued during the year (2006: 1).

<u>Share Premium Account</u>	<u>2007</u> £	<u>2006</u> £
1 August 2006	387	378
Premium on shares issued in the year	9	9
	-----	-----
31 July 2007	396	387
	-----	-----



## Notes to the Financial Statements for the year ended 31 July 2007

### 17 Designated Funds

	Balance 1 August 2006	Incoming Resources	Outgoing Resources	Transfers	Interest received	Balance 31 July 2007
	£	£	£	£	£	£
Godfrey M Frischmann Fund	11,033	-	(500)	-	550	11,083
Tangible Fixed Asset Fund	2,102,600	-	-	38,460	-	2,141,060
Special Projects Fund	99,000	-	-	(99,000)	-	-
Building Fund	301,475	-	-	400,000	-	701,475
Reserve Policy Fund	350,000	-	-	-	-	350,000
<b>Total</b>	<b>2,864,108</b>	<b>-</b>	<b>(500)</b>	<b>339,460</b>	<b>550</b>	<b>3,203,618</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. The 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 and 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 18 April 2007, is to hold liquid reserves of £350,000.

### 18 Transfers

The transfers between funds comprise of:

£339k transferred from unallocated general funds to designated funds. This includes a transfer for the current year's expenditure on fixed assets less depreciation (£38k) which is funded by the Tangible Fixed Asset Fund as well as a transfer of £301k to increase the amount available for fund the purchase of the leasehold and fit-out of 98-118 Southwark Bridge Road, London SE1.

£10k transferred from unallocated general funds to restricted funds due to the reduction in the bad debt provision for the BSO Student Loans Fund which is no longer required.



## Notes to the Financial Statements for the year ended 31 July 2007

### 19 Analysis of Assets between Funds

Fund balances at 31 July 2007 are represented by:

	Restricted Funds £	Endowed Trust Capital £	Corporate Capital Reserves £	Designated Funds £	General Funds £	Total Funds £
Tangible Fixed Assets	-	-	-	2,141,060	-	2,141,060
Social Investments	49,318	-	-	-	-	49,318
Other Investments	-	-	-	350,000	95,798	445,798
Current Assets						
- Cash	232,935	11,576	972	559,101	131,902	936,486
- Debtors	-	-	-	164,275	163,021	327,296
Current Liabilities	-	-	-	(10,818)	(271,960)	(282,778)
	<b>282,253</b>	<b>11,576</b>	<b>972</b>	<b>3,203,618</b>	<b>118,761</b>	<b>3,617,180</b>

### 20 Commitments - Operating Leases

At 31 July 2007, the School has the following annual commitments under non-cancellable operating leases expiring as follows:

	2007 £	2006 £
<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 five years	12,675	10,207
	-----	-----
	<b>35,175</b>	<b>32,707</b>
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### 21 Post Balance Sheet event

On 30 August 2007, the School purchased the leasehold of 98-118 Southwark Bridge Road at a cost of £3.1m using a loan facility provided by Barclays Bank plc. Further information is shown in the introduction to the Report of the Directors.