



**Council**  
**12 July 2016**  
**Annual Report and Accounts**

<b>Classification</b>	Public
<b>Purpose</b>	For decision
<b>Issue</b>	Approval and publication of the Annual Report and Accounts for the financial year 2015-2016.
<b>Recommendations</b>	<ol style="list-style-type: none"><li>1. To note the Audit Findings Report and the Letter of Representation to be signed by the Chair of Council.</li><li>2. To approve the Annual Report and Accounts for signing by the Chair of Council.</li></ol>
<b>Financial and resourcing implications</b>	The Annual Report and Accounts will be typeset for publication on the website, but not produced as a printed document.
<b>Equality and diversity implications</b>	None arising
<b>Communications implications</b>	The Annual Report and Accounts are a public document and will be published on the GOsC website.
<b>Annexes</b>	<ol style="list-style-type: none"><li>A. Audit Findings Report</li><li>B. Annual Report and Accounts 2015-2016</li><li>C. Letter of representation</li></ol>
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## Background

1. The General Osteopathic Council (GOsC) publishes its accounts as soon as reasonably practicable after they have been audited and provides copies to the Privy Council to be laid before Parliament.
2. The financial audit was conducted by Grant Thornton in May 2016. Following the conclusion of the audit, Grant Thornton produced an Audit Findings Report (AFR) which highlighted the key issues affecting the results of the GOsC and the preparation of the financial statements.
3. The AFR was presented to the Audit Committee by Jenny Brown, Engagement Lead, on 30 June 2016 and is attached at Annex A.
4. The audited accounts are accompanied by an Annual Report setting out the activities of the GOsC over the previous twelve months. The Annual Report and Accounts are set out at Annex B and the letter of representation at Annex C.

## Discussion

5. A summary of the issues considered by the Audit Committee in relation to the AFR are set out below:
  - a. The AFR provides assurance that the internal financial controls and operational processes are robust and that segregation of duties are being enhanced at a pace which is sensible and proportionate.
  - b. The AFR encourages further segregation of duties and the team are already working to implement this suggestion.
  - c. The AFR identified some minor control enhancements and the Executive has accepted those points.

## Financial position summary

6. At the end of the financial year 2015-16, the GOsC had a deficit after taxation and designated spending of £2.5k.
7. Council will recall that in May 2016 we reported we would be in surplus; however, during the audit Grant Thornton recommended an auditor adjustment, in line with FRS 102, to the way in which we accounted for investment income.
8. In summary, we had accounted for the five year growth in the portfolio investment (£68k) as income. The auditor adjustment removed this sum from income, requiring the investment growth to be shown on the Balance Sheet.
9. The growth of the investment, which had occurred during financial years 2011-2015, resulted in the prior year opening reserves being increased to reflect the additional £68k as it was in those periods that the growth/benefit had occurred.

10. The table below sets out the impact of the auditor adjustment on what we had previously reported to Council:

<b>Surplus reported orally to Council (May 2016)</b>	<b>£76,097</b>
Adjustments by Executive during audit: e.g. through receipt of late invoices	(£9,752)
<b>Revised surplus</b>	<b>£66,345</b>
Auditor adjustment: removal of investment income	(£68,883)
<b>Final deficit for year</b>	<b>(£2,538)</b>

11. On the Balance Sheet, the portfolio investment has been increased to reflect the market value as at 31 March 2016, with opening reserves also adjusted to reflect the growth in the investment during 2011-2015.
12. This change, reported in the AFR on page 14, forms part of the transition to FRS 102, the accounting standards against which the GOsC now follows.
13. As at 31 March 2016, the Balance Sheet, now known as the Statement of Financial Position, remains healthy with Total Reserves equal to £2.547m.
14. Cash in hand totals £219k; the portfolio investment totals £569k and the 120-day bond is equal to £560k.

#### **Recommendations:**

1. To note the Audit Findings Report and the Letter of Representation to be signed by the Chair of Council.
2. To approve the Annual Report and Accounts for signing by the Chair of Council.