



Report and Financial Statements

YEAR ENDED 30 SEPTEMBER 2020

Company Number: 14161

British Dental Association

Report and financial statements for the year ended 30 September 2020

Contents

Page:

1	Report from Chair of the Principal Executive Committee
2	Directors and professional advisors
3	Directors' report
7	Strategic report
10	Directors' responsibilities statement
11	Independent auditor's report
14	Consolidated statement of comprehensive income
15	Consolidated statement of changes in reserves
16	Association statement of changes in reserves
17	Consolidated balance sheet
18	Association balance sheet
19	Consolidated statement of cash flows
20	Notes forming part of the financial statements

British Dental Association

Report of the Chair of the Principal Executive Committee for the year ended 30 September 2020

Report of the Chair of the Principal Executive Committee

This is my first report as Chair of the Principal Executive Committee and it is only right that I pay tribute to my predecessor in the role, Mick Armstrong. Mick has done a fantastic job as the voice of the Association and dental profession for more than six years, not least during his extended period in office in 2020 which took in the most difficult times for dentistry that any of us can remember.

2019/20 has been an extraordinary year. I am proud of what the Association has done to support members and the wider profession during the covid-19 pandemic. This time of crisis has demonstrated the true value of our professional association and trade union. We have used our collective resources to provide information, to represent dentists both collectively and individually and to make sure that our community's voice is heard.

Delivering this support, advice and voice has stretched our resources to the limit. BDA staff and elected representatives have worked tirelessly and once again I pay tribute to them. The work we have done for members has been well-received. We have had successes for NHS colleagues in terms of protecting income across the four countries of the UK. We have also been there to advise and represent on the safe provision of care in an incredibly uncertain environment.

That the profession has been appreciative of our efforts, and has seen value in the Association, has been demonstrated by a welcome increase in dentist membership numbers during the year. We ended the financial year with a healthy increase in dentist members and will now do what we can to retain those new members and hopefully attract more. That increase in dentists was however offset by a reduction in student members. Universities have of course had to adapt, and the pandemic has restricted our ability to get in front of students to raise awareness of what we can offer them. We are seeking alternative ways to engage students and will hope again to be able to interact with the future of our profession as we emerge from the pandemic.

Last year, Mick Armstrong focused on the development of the BDA's indemnity offering as a pivotal moment for the Association. I am pleased to say that we have seen a steady take-up of indemnity as members take advantage of a product which is developing a high-class reputation. BDA Indemnity is also contributing to a welcome shift in the balance across our categories of membership, with growth in extra and expert membership at the expense of essential membership. That is good for our income and good for those members in terms of the range of services they can access.

Inevitably this year, not all income streams have been able to deliver such positive news as membership revenue. Our BDJ advertising income has been dented significantly as those recruiting and those selling products understandably restrict their spending. We would hope to see that revenue rebound as the sector recovers. Income from BDA events has also significantly reduced. Our team has developed high-quality online educational content which has been well-received, but this activity became a cost centre rather than a contribution to revenue this year. Income from using the Wimpole Street building as a venue also of course went in 2020 and indemnity forecasts were hit by widespread reduction in clinical activity.

Despite the collective impact of that on our overall budget, we look forward positively to 2020/21 in the hope and expectation that we can recapture much of that lost income, that our indemnity offering continues to prosper and most importantly, we are able to continue to demonstrate value to existing and potential members as the profession emerges from the pandemic.



E Crouch

Chair of Principal Executive Committee

British Dental Association

Directors and professional advisors for the year ended 30 September 2020

Directors and Advisors

The following held office during the year:

M Armstrong
P Blaylock
M Bishop (Resigned 31st December 2020)
V Chan
E Crouch, Chair of the Principal Executive Committee
P Crooks
J Edwards
L Cross (Appointed 1st January 2020)
T Harker
D Harper (Resigned 31st December 2019)
L Harrhy (Appointed 27th November 2020)
S Ilyas (Appointed 1st April 2020)
N Jones
T Kilcoyne (Resigned 22nd June 2020, Re-appointed 1st January 2021)
R Ladwa (Resigned 31st December 2019)
A Lockyer
J Stokes
P Woodhouse

Bankers

National Westminster Bank plc, 1 Cavendish Square, London, W1A 4NU

Auditors

BDO LLP, 55 Baker Street, Marylebone, London, W1U 7EU

Secretary and registered office

Martin Woodrow, 64 Wimpole Street, London, W1G 8YS

Company number

14161

British Dental Association

Directors' report for the year ended 30 September 2020

The directors present their report together with the audited financial statements of the group for the year ended 30 September 2020.

Constitution

The British Dental Association ("BDA") is a Special Register Body as defined under s.84 of the Industrial Relations Act 1971. As such it is both a registered trade union and company limited by guarantee, registered in England and Wales.

British Dental Association Trust Fund

The British Dental Association Trust Fund ("The Trust"), which is limited by guarantee (company number 849283) and therefore governed by its Memorandum and Articles of Association, is also a registered charity (charity number 313407).

The British Dental Association Trust Fund is an incorporated charity which is limited by guarantee with a year end of 30 September 2020. The objects of the charity are:

- a) To promote, encourage and advance the study and practice of dentistry and allied sciences.
- b) To advance education in connection with dentistry and allied sciences.
- c) To promote dental health and to further dental health education.
- d) To attain the above-mentioned objects by any of the following among other means:
 - i. The execution and discharge or the assistance in the execution and discharge (so far as it shall be lawful) of any educational or other charitable function of the British Dental Association
 - ii. The provision and/or maintenance and improvement of a library and museum or libraries and museums.

The Trust Fund is largely funded by the Association and is considered to be under common control. As a result the Directors of British Dental Association are of the opinion that in accordance with section 9.4 of FRS 102 the Trust should be considered to be a subsidiary of the British Dental Association.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the BDA and its subsidiary undertaking, the British Dental Association Trust Fund, which is a registered charity. The results of the charity are consolidated on a line by line basis within the consolidated income and expenditure account using those categories that best reflect the activities of the charity. Separate financial statements for The Trust are available from its registered office and the Charity Commission and present a separate Statement of Financial Activities ('SOFA') for the charity and other disclosures as set out by Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities (FRS102), effective 1 January 2019.

Principal activity

The BDA is a professional association and trade union providing professional and legal support to dentists in all working environments through advice, representation, events, publications and policy making.

Membership

Membership numbers at the end of the financial year totalled 15,834 qualified members (2019 – 15,405). Student numbers totalled 1,571 (2019 - 1,970).

Fixed assets

Details of movements in fixed assets are set out in the notes to the accounts.

Last year saw a significant increase in purchases due to BDA Indemnity however activity returned to normal levels in 2019/20.

The directors recognise that the market value of the long leasehold property is materially higher than the historical cost value stated in the accounts.

British Dental Association

Directors' report for the year ended 30 September 2020 (*continued*)

Future developments

Progress of strategic and operational priorities have been significantly hampered by the pandemic. Like many businesses, coronavirus has had an effect on the Association's finances and cash balances. This means the BDA will enter the final year of its current strategic plan focussing on financial recovery as a priority. In order to achieve this, activities will centre around careful investment in services that will retain and attract members. The need to retain cash balances will be important to assist financial recovery and as a contingency against any new economic challenge the Association may face.

Throughout the next financial year, the key aims for the BDA will be to protect all services, and associated staff, while the pandemic continues to affect the business. The Association will also invest in and develop new, digital-first business, to complement and compensate members for services the organisation can no longer provide.

The BDA's commitment to reflect, represent and be a place for equal opportunities will remain. The Association will therefore continue to be an organisation that prides itself on diversity and inclusion.

Pension deficit

The interim actuarial valuation of the defined benefit scheme as at 30 September 2020 based on the principles of chapter 28 of FRS 102 reveals a deficit of £4,747,817 (2019 - deficit of £3,030,062). Details are set out in Note 20 to the accounts. The Association is currently working with the Trustees of the BDA Pension Scheme to agree a deficit reduction plan as part of its 2020 triennial review.

Statement required by the Trade Union and Labour Relations (Consolidation) Act 1992

A member who is concerned that some irregularity may be occurring, or has occurred, in the conduct of the union may take steps with a view to investigating further, obtaining clarification and if necessary, securing regularisation of that conduct.

The member may raise any such concern with one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.

Directors

The directors who served during the year are as stated on Page 2.

British Dental Association

Directors' report for the year ended 30 September 2020 (*continued*)

Governance

The Association has one decision making body, the Principal Executive Committee (PEC) who are directly elected by members, and set the policy and strategic direction of the BDA. The PEC receives advice and opinion from advisory committees to help it in its role. These committees will usually deal with detailed policy analysis and proposals. Some advisory committees (referred to as 'craft committees') are also elected to represent particular parts of the profession, as well as provide advice. Committees can therefore be purely advisory, or advisory and representative.

The Association has in place an audit committee to ensure that the interests of members are properly protected in relation to financial reporting and internal control. Members are able to raise any issues of concern to Tim Harker, the Chair of the Audit Committee.

To further strengthen the governance and democratic representation of the Association there is a Scrutiny Committee, made up of elected members of the Association's UK Council. This has the following remit:

- to support the Principal Executive Committee (PEC) in undertaking its obligation to deliver a report and financial statements to the United Kingdom Council, by identifying and prioritising issues for discussion through early consideration of the report with senior officers and staff
- to consider, comment, and make recommendations where appropriate, on the quality and content of reporting by the PEC to the country councils and representative structure
- to offer, or provide when requested, commentary and advice to the Audit Committee on any issues and activities within the Audit Committee's remit
- to provide a forum for review of any issue within the UK Council's remit, and referred to it by the UK Council
- to provide a forum for review of any issue jointly referred to it by the UK Council and PEC
- to provide regular reports to the UK Council, including recommendations for action as appropriate.

Charitable and political contributions

During the year the BDA contributed £222,000 (2019 - £500,000) to the BDA Trust Fund. There were no political contributions during the year (2019 - £Nil).

Financial instruments

Liquidity risk

Liquidity risk arises from the Association's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Association will have difficulty meeting its financial obligations as they fall due. The directors of the Association receive a 12-month cash flow projection during the budget setting process as well as a cash flow statement in the monthly management accounts pack. The cash flow projection is updated to reflect changes in operational activities as part of the Association's quarterly forecasting systems. At the end of the financial year, these projections indicate that the Association should have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

British Dental Association

Directors' report for the year ended 30 September 2020 (*continued*)

Financial instruments (*continued*)

Market risk

The Association is mainly exposed to market risk from the investment portfolio held within the Shirley Glasstone Hughes restricted fund of The BDA Trust Fund. Covid-19 poses a major risk to markets, but it is not the only potential source of volatility. Brexit amongst other factors, has the potential to trigger turmoil in financial and currency markets. The Trustees are drawing down the value of the fund over the medium term and have accepted that investments can fluctuate in value. The portfolio which is held by Barclays is reviewed annually by the Trustees with the policy adjusted to ensure sufficient funds are available to meet short term commitments.

Cash flow interest rate risk

The Association is exposed to cash flow interest rate risk from its long-term borrowings. Interest is chargeable at 1.05%- 2.62% over the Bank of England base rate. Should the base rate increase, higher interest charges will be partly offset by an increase in interest received from the Association's deposit account which is also linked to the base rate.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the directors on 23rd March 2021 and signed on its behalf by



E Crouch
Chair of Principal Executive Committee

British Dental Association

Strategic report for the year ended 30 September 2020

Business review

The group's net deficit before taxation for the year was £1,010,076 (2019 – deficit of £136,314).

Covid-19 has had a significant impact on the dental industry and the livelihood of dentists. The Association has worked tirelessly to provide support to all dentists during these tough times. This has not gone unnoticed and has been reflected by wide scale support from dentists and a year-on-year growth in dentist membership for the first time since September 2010. The introduction of BDA Indemnity has also influenced the change in membership profile, with many dentists upgrading their membership to access the full range of Association services.

The BDJ Portfolio continues to be the Association's second largest income stream and a source of pride in terms of reach, quality and trust from members. Although the portfolio experienced significant disruption from the Covid-19 pandemic, publishing of all titles was maintained throughout, with no interruption of service to BDA members. The initial lockdown of spring 2020, which included dental practices, had a negative effect on advertising revenues. These have since improved but remain uncertain. More positively, the Association's journals saw record submissions and publication numbers in 2020 and played a vital role in disseminating research information about the pandemic to the profession. The portfolio continues to benefit from Springer Nature's leadership position in scientific publishing, expanding its reach and influence via institutional agreements around the globe. A key area of focus for the future is the portfolio's open access publishing activities. The year 2019/20 saw a record number of publications in the Association's open access journal, BDJ Open, and we expect this momentum to carry forward into 2021.

BDA Indemnity continues to grow, attracting a large cohort of dentists. During this time, the main aim for the Association has been to provide peace of mind for its members – addressing any concerns and providing reassurance. Unsurprisingly, there were a substantial number of members amending their cover to reflect changes to their working hours and practises. By the end of the financial year, levels of cover began to move towards pre-pandemic levels. The Association has continued to work alongside its partners, RSA, to ensure BDA Indemnity remains relevant and best supports members. An addition was made to its indemnity cover that allows policyholders to fit-test respiratory protective equipment for dental staff in their own and other practices. Discussions to introduce retroactive cover for dentists joining from a claims-made insurance policy are underway. This will be an enormous help to dentists who unknowingly have locked themselves into claims-based contracts that require expensive run off cover to leave. This will form part of the BDA Indemnity offer in the new year.

Covid-19 has brought unprecedented challenges to defined benefit pension schemes. Market volatility has impacted the funding position of some schemes, creating uncertainty with fluctuating cash demands and impacts on the accounts. This year saw a significant rise in the scheme's deficit, largely due to a fall in corporate bonds which in turn placed a much higher value on the scheme's liabilities. The Association will continue to work alongside the Fund's trustees in order to effectively balance its responsibilities as employer and sole funder of the scheme and its responsibilities to its members and other stakeholders as a going concern.

The Association's events portfolio performed strongly in the first half of the financial year. However, restrictions placed upon face-to-face events because of the pandemic, led to mass cancellations, severely affecting the portfolio. The Association responded quickly by broadcasting regular online webinars, free of charge to members. Member feedback to these has been extremely positive, with many praising the content and quality of the webinars. During this time, the Association held 30 central and local webinars, attracting over 8,400 attendees. For the coming year, the portfolio will consist of a weekly live webinar programmes, with lectures often being made available on-demand for those unable to attend at the scheduled time. A webinar programme has also been provided by the Association's branch structure.

2020 was the busiest year ever for the CPD Hub with e-learning activities supporting members during the return-to-work period of the pandemic. Next year we plan to improve the co-ordination across the BDA's education offering and develop new content, programmes and learning technologies to support key BDA activities.

As the pandemic increases in both magnitude and duration, it is no surprise that these unforeseen circumstances have negatively impacted the Associations reserves position. Next year, focus will be on financial recovery.

British Dental Association

Strategic report for the year ended 30 September 2020 (*continued*)

Key performance indicators

The BDA's main KPI is its membership. At the end of the financial year, total membership stood at 17,405, consisting of 15,834 dentist members and 1,571 students. A 2.78% growth in dentist membership was achieved against prior year for the first time since September 2010. The closure of dental schools and the absence of dental school visits has had a negative effect on student numbers.

Going Concern

The coronavirus pandemic has significantly increased going concern risks for many businesses. The directors of the Association have considered the potential impact of Covid-19 on its business operations and the extent to which cashflow will be affected. While some areas of the business have faced severe restrictions resulting in reduction of trading activities, the Association has managed to adapt to a different business model for others.

The directors have also assessed the impact of the financial budgets in place for 2020/21 and beyond, paying attention to changes in demand in the short-to-medium term. The Association is developing new strategies to prepare for the post-pandemic world, taking steps to integrate initiatives, such as better working from home facilities and preparing for changes in consumer behaviour.

The directors have taken comfort from several factors in what has been a difficult year. Overall membership has grown in the year. This has highlighted the value of the Association to its members and to dentistry generally, and importantly has shown that the Association's most important income stream is stable. Indeed, within the membership structure more members have moved to Extra and Expert grades in order to access the full range of services, further enhancing this income stream. The Association's indemnity product continues to grow incrementally. Its success is masked to some degree by members reducing their clinical hours (and therefore indemnity cover) during lockdowns and as patients considered carefully whether to book an appointment. This trend is starting to reverse so continued growth in membership alongside recovery in clinical hours will further assist the Association's recovery. The third major income stream of the Association, its journal portfolio, is a little more complex as both classified and display advertising will potentially be impacted by Brexit as well as Covid-19. The Association will continue to work with Springer-Nature, its publishing partner, on retaining the journals' pre-eminent position for dental advertising and to regrow its income.

Given the demand for advice and services from its members, the strain this has placed on Association resources, and uncertainty as to when some normality will return to the wider economy the directors have taken the decision to avoid savings that could adversely impact on its ability to support members. The future financial health of the Association is dependent on a small market and based around a career-long relationship with its members. If the Association fails its members at a time like this, it breaches their trust and potentially their support henceforth.

The directors have carried out various cashflow scenarios (ranging from best case to worst case) to examine and evaluate the impacts of the current economic climate on its activity streams and in turn on its cashflow. The assumptions incorporated in the cashflow forecast have been updated to ensure it is fit for purpose. The exercise was used as part of the business interruption loan and at present cashflows are better than anticipated. The directors appreciate the current economic uncertainty and the possible impacts to its business operations. Forecasts have been prepared with a high degree of caution. Despite a reduction in funds during the year, overall cash positions remain positive. Savings are possible both as a short-term mitigation against a failure to achieve forecast performance and as a longer-term corrective if recovery is slow in the dental economy. The directors will monitor the situation carefully.

The business interruption loan of £1.5m (and a term of six years) will not only assist in the Association's financial recovery but help develop a range of services that will extend, complement, and even replace our pre-pandemic offer.

In the opinion of the directors, the Association has enough resources to meet its obligations and therefore the accounts have been prepared on a going concern basis.

British Dental Association

Directors' responsibilities statement for the year ended 30 September 2020

Principal risks and uncertainties

As the Covid-19 pandemic continues to evolve, the Association will need to rethink and reconfigure its business for a changed world. Although revenues appear stable, the lasting repercussions beyond the pandemic are difficult to assess and could lead to the Association revisiting forecasts and strategic goals. During this time, it is important that the Association focuses its efforts on supporting key areas of the business and adapting to new ways of working.

No organisation will ever be able to fully prepare for events of the magnitude to Covid-19. However, it is important that the Association positions itself to emerge in a stronger, competitive position, when growth returns. The recent bank loan presents an opportunity for the organisation to future-proof itself for similar scenarios. While many businesses are experiencing financial uncertainties, it is key that any investment in services or resources is thoroughly planned, with clear and defined outcomes. The Association must strike a balance between maintaining financial discipline and investing to thrive in the current market.

A further uncertainty centres around the United Kingdom leaving the European Union. It is unclear what, if any, implications will arise from Brexit. Potential changes to dental recruitment and the trade of materials, in addition to other practical factors, will need to be closely monitored.

Approval

The Strategic report was approved by the directors on 23rd March 2021 and signed on its behalf by



E Crouch
Chair of Principal Executive Committee

British Dental Association

Directors' responsibilities statement for the year ended 30 September 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the surplus or deficit of the group for that year.

In preparing these financial statements, the directors are required to:

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

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

British Dental Association

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRITISH DENTAL ASSOCIATION

Opinion

We have audited the financial statements of British Dental Association ("the Parent Company") and its subsidiary ("the Group") for the year ended 30 September 2020 which comprise the consolidated statement of comprehensive income, the consolidated and association statements of changes in reserves, the consolidated and association balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2020 and of the Group's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

British Dental Association

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, the Directors' Responsibilities Statement and the Strategic Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

British Dental Association

Independent auditor's report (*continued*)

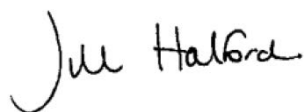
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.



Jill Halford (Audit Partner)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 8 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

British Dental Association

Consolidated statement of comprehensive income for the year ended 30 September 2020

	Note	2020 £	2019 £
Income	4	14,878,591	15,312,944
Cost of sales	4	(3,273,545)	(3,369,903)
Net income	4	11,605,046	11,943,041
Meeting and sessional costs		(556,032)	(757,743)
Staff costs and overheads		(11,442,741)	(10,730,160)
Branch expenditure		(276,611)	(374,266)
Surplus on disposal of investments		-	-
Movement from changes in fair value of investments		(92,139)	10,787
Operating (deficit)/surplus	7	(762,477)	91,659
Interest receivable		7,633	12,941
Investment income		27,955	39,874
Interest payable and similar charges	8	(11,187)	(15,788)
Other finance charges	9	(272,000)	(265,000)
Deficit before taxation		(1,010,076)	(136,314)
Taxation on deficit	10	(3,710)	-
Deficit for the year		(1,013,786)	(136,314)
Actuarial loss on pension scheme		(1,888,000)	(2,024,000)
Total comprehensive income for the year		(2,901,786)	(2,160,314)

All amounts relate to continuing activities.

The notes on pages 20 to 39 form part of these financial statements.

British Dental Association

Consolidated statement of changes in reserves

Year ended 30 September 2020	Note	Income and expenditure account £	Restricted funds £	Total equity £
1 October 2019		423,346	743,038	1,166,384
Comprehensive income for the year		(779,311)	(234,475)	(1,013,786)
Actuarial loss on pension scheme	20	(1,888,000)	-	(1,888,000)
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		(2,667,311)	(234,475)	(2,901,786)
		<hr/>	<hr/>	<hr/>
30 September 2020		<u>(2,243,965)</u>	<u>508,563</u>	<u>(1,735,402)</u>
		<hr/>	<hr/>	<hr/>
Year ended 30 September 2019	Note	Income and expenditure account £	Restricted funds £	Total equity £
1 October 2018		2,472,320	854,378	3,326,698
Comprehensive income for the year		(24,974)	(111,340)	(136,314)
Actuarial loss on pension scheme	20	(2,024,000)	-	(2,024,000)
		<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		(2,048,974)	(111,340)	(2,160,314)
		<hr/>	<hr/>	<hr/>
30 September 2019		<u>423,346</u>	<u>743,038</u>	<u>1,166,384</u>
		<hr/>	<hr/>	<hr/>

The notes on pages 20 to 39 form part of these financial statements.

British Dental Association

Association statement of changes in reserves

Year ended 30 September 2020	Note	Income and expenditure account £	Restricted funds £	Total equity £
1 October 2019		(1,003,669)	-	(1,003,669)
Comprehensive income for the year		(268,493)	-	(268,493)
Actuarial loss on pension scheme	20	(1,888,000)	-	(1,888,000)
Total comprehensive income for the year		(2,156,493)	-	(2,156,493)
30 September 2020		(3,160,162)	-	(3,160,162)
Year ended 30 September 2019	Note	Income and expenditure account £	Restricted funds £	Total equity £
1 October 2018		829,865	-	829,865
Comprehensive income for the year		190,466	-	190,466
Actuarial loss on pension scheme	20	(2,024,000)	-	(2,024,000)
Total comprehensive income for the year		(1,833,534)	-	(1,833,534)
30 September 2019		(1,003,669)	-	(1,003,669)

The notes on pages 20 to 39 form part of these financial statements.

British Dental Association

Consolidated balance sheet at 30 September 2020

<i>Company number 14161</i>	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		3,291,343		3,648,345
Investments	12		892,617		984,756
			<hr/>		<hr/>
			4,183,960		4,633,101
Current assets					
Stocks	13	40,241		39,050	
Debtors	14	574,197		685,852	
Cash and cash equivalents		5,098,191		4,335,357	
		<hr/>		<hr/>	
			5,712,629	5,060,259	
Creditors: amounts falling due within one year	15	(4,797,915)		(4,867,273)	
		<hr/>		<hr/>	
Net current assets			914,714		192,986
			<hr/>		<hr/>
Total assets less current liabilities			5,098,674		4,826,087
Creditors: amounts falling due after more than one year	16		(2,086,259)		(629,641)
Net pension liability	20		(4,747,817)		(3,030,062)
			<hr/>		<hr/>
Net (liabilities)/assets			(1,735,402)		1,166,384
			<hr/> <hr/>		<hr/> <hr/>
Reserves					
Income and expenditure account			(2,243,965)		423,346
Restricted funds			508,563		743,038
			<hr/>		<hr/>
			(1,735,402)		1,166,384
			<hr/> <hr/>		<hr/> <hr/>

Included in restricted funds is an amount of £165,847 (2019 - £257,986) relating to unrealised gains on the revaluation of fixed asset investments.

The financial statements were approved by the directors and authorised for issue on 23rd March 2021.



E Crouch
Chair, Principal Executive Committee

The notes on pages 20 to 39 form part of these financial statements.

British Dental Association

Association balance sheet at 30 September 2020

<i>Company number 14161</i>	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		3,216,795		3,571,483
Current assets					
Stocks	13	40,241		39,050	
Debtors	14	1,252,118		1,568,534	
Cash and cash equivalents		3,960,675		2,344,240	
		5,253,034		3,951,824	
Creditors: amounts falling due within one year	15	(4,795,915)		(4,867,273)	
Net current assets/(liabilities)			457,119		(915,449)
Total assets less current liabilities			3,673,914		2,656,034
Creditors: amounts falling due after more than one year	16		(2,086,259)		(629,641)
Net pension liability	20		(4,747,817)		(3,030,062)
Net liabilities			(3,160,162)		(1,003,669)
Reserves					
Income and expenditure account			(3,160,162)		(1,003,669)
			(3,160,162)		(1,003,669)

The financial statements were approved by the directors and authorised for issue on 23rd March 2021.



E Crouch
Chair, Principal Executive Committee

The notes on pages 20 to 39 form part of these financial statements.

British Dental Association

Consolidated statement of cash flows for the year ended 30 September 2020

	Note	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities	19		(638,581)		339,710
Cash flows from investing activities					
Interest received		7,633		12,941	
Purchase of tangible fixed assets		(10,356)		(570,846)	
Purchase of investments		-		-	
Sale of investments		-		-	
Investment income		27,955		39,874	
Net cash from investing activities			25,232		(518,031)
Cash flow from financing activities					
Interest paid		(11,187)		(15,788)	
New bank loans		1,500,000		-	
Repayment of bank loan		(112,630)		(146,520)	
Net cash from financing activities			1,376,183		(162,308)
Increase/(decrease) in cash and cash equivalents			762,834		(340,630)
Cash and cash equivalents at beginning of the year			4,335,357		4,675,986
			5,098,191		4,335,357
Cash and cash equivalents comprise:					
Cash at bank and in hand			5,098,191		4,335,357

Net debt reconciliation	1 October 2019 £	Cash Flows £	Other Non-cash changes £	30 September 2020 £
Cash and cash equivalents	4,335,357	762,834	-	5,098,191
Bank and other loans	(778,932)	(1,387,370)	-	(2,166,302)
At 30 September 2020	3,556,425	(624,536)	-	2,931,889

The notes on pages 20 to 39 form part of these financial statements.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020

1 Accounting policies

The British Dental Association is an Association incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent Association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent Association;
- Disclosures in respect of related party transactions with the wholly owned members of the group headed by the parent Association;
- Disclosures in respect of the parent Association's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Association as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Consolidated financial statements

The British Dental Association Trust Fund is an incorporated charity which is limited by guarantee with a year end of 30 September. It is largely funded by the British Dental Association and is considered to be under common control. As a result the Directors of British Dental Association are of the opinion that in accordance with section 9.4 of FRS 102 the Trust should be considered to be a subsidiary of the British Dental Association.

The consolidated accounts of the group incorporate the accounts of the BDA and its subsidiary undertaking, the British Dental Association Trust Fund, which is a registered charity. The results of the charity are consolidated on a line by line basis within the consolidated income and expenditure account using those categories that best reflect the activities of the charity. Separate financial statements for The Trust are available from its registered office and the Charity Commission and present a separate Statement of Financial Activities ('SOFA') for the charity and other disclosures as set out by Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities (FRS 102).

Going concern

The coronavirus pandemic has significantly increased going concern risks for many businesses. The directors of the Association have considered the potential impact of Covid-19 on its business operations and the extent to which cashflow will be affected. While some areas of the business have faced severe restrictions resulting in reduction of trading activities, the Association has managed to adapt to a different business model for others.

The directors have also assessed the impact of the financial budgets in place for 2020/21 and beyond, paying attention to changes in demand in the short-to-medium term. The Association is developing new strategies to prepare for the post-pandemic world, taking steps to integrate initiatives, such as better working from home facilities and preparing for changes in consumer behaviour.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020

Accounting policies *(continued)*

Going concern continued

The directors have taken comfort from several factors in what has been a difficult year. Overall membership has grown in the year. This has highlighted the value of the Association to its members and to dentistry generally, and importantly has shown that the Association's most important income stream is stable. Indeed, within the membership structure more members have moved to Extra and Expert grades in order to access the full range of services, further enhancing this income stream. The Association's indemnity product continues to grow incrementally. Its success is masked to some degree by members reducing their clinical hours (and therefore indemnity cover) during lockdowns and as patients considered carefully whether to book an appointment. This trend is starting to reverse so continued growth in membership alongside recovery in clinical hours will further assist the Association's recovery. The third major income stream of the Association, its journal portfolio, is a little more complex as both classified and display advertising will potentially be impacted by Brexit as well as Covid-19. The Association will continue to work with Springer-Nature, its publishing partner, on retaining the journals' pre-eminent position for dental advertising and to regrow its income.

Given the demand for advice and services from its members, the strain this has placed on Association resources, and uncertainty as to when some normality will return to the wider economy the directors have taken the decision to avoid savings that could adversely impact on its ability to support members. The future financial health of the Association is dependent on a small market and based around a career-long relationship with its members. If the Association fails its members at a time like this, it breaches their trust and potentially their support henceforth.

The directors have carried out various cashflow scenarios (ranging from best case to worst case) to examine and evaluate the impacts of the current economic climate on its activity streams and in turn on its cashflow. The assumptions incorporated in the cashflow forecast have been updated to ensure it is fit for purpose. The exercise was used as part of the business interruption loan and at present cashflows are better than anticipated. Forecasts have been prepared with a high degree of caution. Despite a reduction in funds during the year, overall cash positions remain positive. The directors appreciate the current economic uncertainty and the possible impacts to its business operations. Savings are possible both as a short-term mitigation against a failure to achieve forecast performance and as a longer-term corrective if recovery is slow in the dental economy. The directors will monitor the situation carefully.

The business interruption loan of £1.5m (and a term of six years) will not only assist in the Association's financial recovery but help develop a range of services that will extend, complement, and even replace our pre-pandemic offer.

In the opinion of the directors, the Association has enough resources to meet its obligations and therefore the accounts have been prepared on a going concern basis.

Income

Income represents membership subscriptions, publications, training, accreditation, conferences and sales of books and products. Sales to outside customers are at invoiced amounts less value added tax.

All income is accounted for when receivable subject to the deferral of subscriptions received in advance. Subscriptions received in advance is recognised over the period of membership.

BDA indemnity fee consists of two elements, RSA Professional Liability Insurance Premiums and also a BDA Advisory, Case Management and Indemnity Support subscription. Indemnity premiums collected on behalf of RSA are not recognised in the profit and loss. BDA Indemnity subscription fees received in advance are recognised over the period of the indemnity policy.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020

Income continued

Investment income, which is shown with its related tax credit, is accounted for in the period in which the Trust is entitled to receipt, any income not yet received is accrued. Realised and unrealised gains and losses on investments are included in the consolidated statement of comprehensive income.

Likewise, donations and library and museum income are accounted for when receivable.

Grants and awards

Grants payable are charged in the year in which all conditions attached to payment of the grant are fulfilled.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Tangible fixed asset

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Long leasehold buildings	-	Shorter of the remaining lease term and straight line over 50 years
IT Systems	-	straight line between 3 and 10 years
Fixtures and fittings	-	straight line between 4 and 5 years
BDA Indemnity	-	straight line between 3 and 7 years

Deferred taxation

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Deferred tax balances are not recognised in respect of permanent timing differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (*continued*)

1 Accounting policies (*continued*)

Fixed assets - Heritage assets

The Association's subsidiary, the British Dental Association Trust Fund, maintains a collection of museum exhibits purchased or donated to the charity many years ago.

In accordance with Financial Reporting Standard 102, the Trust Fund's collection of museum exhibits and other major items are recorded on the balance sheet at deemed cost and as a result are not subject to subsequent revaluation.

Acquisitions are normally made by donation with occasional purchases. Donations are recorded at a current market valuation with reference, where possible, to commercial markets using recent transaction information from auctions. Recent purchases are recorded at cost.

Expenditure which in the Directors' view is required to preserve or prevent further deterioration of individual items, including preservation work, is recognised in the consolidated statement of comprehensive income when it is incurred.

Fixed asset investments

Fixed asset investments are stated at market value (based on bid market values) as at the balance sheet date.

Financial assets

Financial assets, other than investment, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated financial instrument.

Leased assets: Lessee

All leases agreements are treated as operating leases. Their annual rentals are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (*continued*)

1 Accounting policies (*continued*)

Pension costs

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group and Association balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Association is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Association are charged to the consolidated statement of comprehensive income or the consolidated statement of changes in reserves in accordance with FRS102.

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Other key sources of estimation uncertainty

Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The useful lives of the assets are assessed annually.

Investments (see notes 12)

The group's investment portfolio is managed by Barclays Wealth, a division of Barclays Bank Limited. The most critical estimates, assumptions and judgements relate to the determination of carrying value of the investments. The listed investments are valued at the quoted bid price at the reporting date. Gains or losses upon sales of investment assets as well as unrealised movements due to changes in the carrying value of the investments are recognised in the statement of comprehensive income.

Income Recognition

Revenue should be recognised when delivery has occurred or when services have been rendered. This means subscriptions paid in advance must be recognised over the duration of the membership period on a straight line basis. Given the Association operates a rolling membership year with members offered several payment options, an element of uncertainty exists in relation to the profiling of subscription income. Internal financial controls have been set up not only to prevent the loss of income but to gain assurance that income is recognised in the correct period. A detailed analytical review is performed on a monthly basis to ensure the data entered on the Association's CRM database reconciles with the financial ledger.

Pension scheme deficit

The rise in the Scheme's FRS 102 deficit over the year is a combination of several factors. In particular, the fall in corporate bonds which has led to a lower discount rate (which in turn places a much higher value on the liabilities) and the change in demographic assumptions.

Although FRS 102 can be viewed as being fairly prescriptive about the principles to be used when selecting assumptions there is still a range of assumptions that could be considered acceptable under the standard. Even small alterations, for example to the discount rate, can have a significant effect of the results.

Journal Portfolio

Changes in the accounting and reporting arrangements for the BDJ portfolio has meant that only headline figures are available. Whilst there may be some uncertainty in the reports as both organisations marry forecast to actual performance, prudent figures have been incorporated in the accounts. Finalised figures will be available during the course of 2021.

3 Turnover

Turnover is wholly attributable to the principal activity of the group and arises solely within the United Kingdom.

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

4 Net income	2020 Income £	2020 Costs £	2020 Net £	2019 Income £	2019 Costs £	2019 Net £
Subscriptions	9,467,060	-	9,467,060	8,991,725	-	8,991,725
Commercial activity	5,360,315	(3,273,545)	2,086,770	6,300,645	(3,369,903)	2,930,742
Charitable activities	5,834	-	5,834	20,574	-	20,574
Other Income	45,382	-	45,382	-	-	-
	<u>14,878,591</u>	<u>(3,273,545)</u>	<u>11,605,046</u>	<u>15,312,944</u>	<u>(3,369,903)</u>	<u>11,943,041</u>

5 Employees	2020 £	2019 £
Staff costs consist of:		
Wages and salaries	6,668,361	6,147,481
Social security costs	673,781	602,440
Other pension costs	959,835	869,336
	<u>8,301,977</u>	<u>7,619,257</u>

The total value of termination benefits paid during the year was £74,964 (2019 - £5,593)

The average number of employees (excluding members of the Principal Executive Committee) during the year was as follows:

	2020 Number	2019 Number
Senior management team	3	4
Member services directorate	88	86
Business services directorate	55	52
	<u>146</u>	<u>142</u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

5 Employees continued

All staff costs are initially borne by the Association with an annual recharge made to the Trust Fund to reflect the cost associated with its activities. Those costs solely in relation to the Association are:

	2020	2019
	£	£
Staff costs consist of:		
Wages and salaries	6,460,566	5,948,608
Social security costs	651,427	581,027
Other pension costs	922,441	836,504
	<u>8,034,434</u>	<u>7,366,139</u>

The key management personnel of the parent association and the subsidiary charity comprise the Senior Management Team. The Senior Management Team comprises Chief Executive, Acting Chief Operating Officer and Associate Director of Advisory Services.

The total employee benefits of the key management personnel during the year was £360,988 (2019 - £373,712).

The average number of staff paid during the year (salary and taxable benefits excluding pension contributions) was as follows:

Salary range	2020	2019
	Number	Number
£60,001 - £70,000	11	8
£70,001 - £80,000	2	4
£80,001 - £90,000	3	2
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	1
£140,001 - £150,000	-	-
£150,001 - £160,000	1	1
£160,001 - £170,000	1	-
	<u>19</u>	<u>17</u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

6 Directors (continued)

	2020 £	2019 £
Directors' remuneration consists of:		
Stipend payments	322,500	325,865

There were no (2019 - Nil) directors in the company who were considered to be salaried, full-time executive directors during the year.

There were no (2019 - Nil) directors in the company's defined benefit pension scheme during the year.

The Association remunerates elected members who work in general practice for attendance at BDA meetings. A monthly stipend is paid to those Directors elected to the Principal Executive Committee.

Elected members not attending Principal Executive Committee are paid on a sessional basis as a compensation for income foregone as a result of attendance.

In 2020 remuneration totalled £322,500 (2019 - £325,865).

The total amount payable to the highest paid director in respect of emoluments was £73,615 (2019- £75,000).

Remuneration to non-executive directors	2020 £	2019 £
Michael Armstrong	73,615	75,000
Paul Blaylock	15,000	15,000
Mark Bishop	15,000	2,115
Victor Chan	15,000	15,000
Edward Crouch	38,365	37,500
Peter Crooks	15,519	11,250
Laura Cross (Appointed 1st January 2020)	11,250	-
Tim Harker	15,000	15,000
Derek Harper (Resigned 31st December 2019)	3,750	15,000
Shareena Ilyas (Appointed 1 April 20)	8,019	-
Nigel Jones	15,000	15,000
Anthony Kilcoyne (Resigned 22 June 2020)	11,250	15,000
Rasikkumar Ladwa (Resigned 31st December 2019)	3,750	15,000
Alison Lockyer	36,982	37,500
Jason Stokes	15,000	15,000
Paul Woodhouse	15,000	15,000
John Edwards	15,000	15,000
Philip Henderson	-	3,750
Leonard D'Cruz	-	8,750

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

7	Operating (deficit)/surplus	2020	2019
		£	£
	This has been arrived at after:		
	Depreciation	367,358	280,265
	Hire of other assets - operating leases	42,500	42,500
	Auditors' remuneration:		
	- audit services	30,768	23,165
	- non audit services (tax compliance)	5,730	4,510
		<u> </u>	<u> </u>
8	Interest payable and similar charges	2020	2019
		£	£
	Bank loans repayable in more than five years	11,187	15,788
		<u> </u>	<u> </u>
9	Other financial charges	2020	2019
		£	£
	Interest on pension scheme assets	(438,000)	(650,000)
	Expected return on pension scheme assets	218,000	167,000
	Interest on pension scheme liabilities	492,000	681,000
	Past service costs	-	67,000
		<u> </u>	<u> </u>
		272,000	265,000
		<u> </u>	<u> </u>

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 (*continued*)

10 Taxation on surplus

	2020 £	2019 £
<i>Current tax</i>		
UK corporation tax on surplus for the year	3,710	-

The tax assessed for the year is £3,710 (2019 - lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £	2019 £
Deficit on ordinary activities before tax	(1,010,076)	(136,314)
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19 % (2019 - 19%)	(191,914)	-
Effects of: Deficit not chargeable to corporation tax	188,204	-
Current tax charge for year	3,710	-

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 (*continued*)

11 Tangible assets

Consolidated	Long leasehold properties £	Office fixtures and fittings £	Heritage assets £	IT equipment £	BDA Indemnity £	Total £
<i>Cost or valuation</i>						
At 1 October 2019	4,550,605	665,077	60,000	1,910,582	525,238	7,711,502
Additions	-	5,674	-	3,932	750	10,356
Disposals	-	-	-	-	-	-
At 30 September 2020	4,550,605	670,751	60,000	1,914,514	525,988	7,721,858
<i>Accumulated depreciation</i>						
At 1 October 2019	1,738,799	635,095	-	1,635,695	53,568	4,063,157
On disposals	-	-	-	-	-	-
Charge for the year	91,012	18,235	-	97,406	160,705	367,358
At 30 September 2020	1,829,811	653,330	-	1,733,101	214,273	4,430,515
<i>Net book value</i>						
At 30 September 2020	2,720,794	17,421	60,000	181,413	311,715	3,291,343
At 30 September 2019	2,811,806	29,982	60,000	274,887	471,670	3,648,345

In accordance with Financial Reporting Standard 102, the Association's subsidiary's collection of museum exhibits and other major items are recorded on the balance sheet at cost. The majority of these items were purchased or donated to the charity many years ago and as a result in the view of the directors the historic cost of these assets is immaterial to the Association.

The exhibits were valued for insurance purposes at £559,450 by Lyon and Turnbull, 33 Broughton Place, Edinburgh, EH1 3RR in December 2008.

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 (*continued*)

11 Tangible assets (*continued*)

Association	Long leasehold properties £	Office fixtures and Fittings £	IT equipment £	BDA Indemnity £	Total £
<i>Cost or valuation</i>					
At 1 October 2019	4,550,605	238,278	1,910,580	525,238	7,225,701
Additions	-	-	3,932	750	4,682
Disposals	-	-	-	-	-
At 30 September 2020	4,550,605	239,278	1,914,512	525,988	7,230,383
<i>Accumulated depreciation</i>					
At 1 October 2019	1,738,799	226,156	1,635,695	53,568	3,654,218
Disposals	-	-	-	-	-
Charge for year	91,012	10,248	97,406	160,704	359,370
At 30 September 2020	1,829,811	236,404	1,733,101	214,272	4,013,588
<i>Net book value</i>					
At 30 September 2020	2,720,794	2,874	181,411	311,716	3,216,795
At 30 September 2019	2,811,806	13,122	274,885	471,670	3,571,483

12 Fixed asset investments

Consolidated	2020 £	2019 £
<i>Quoted investments</i>		
At 1 October	984,756	973,969
Additions	-	-
Disposals	-	-
Unrealised (losses)/gains	(92,139)	10,787
Realised gains	-	-
At 30 September	892,617	984,756
Historic cost of investments	726,770	726,770

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 (continued)

13 Stock

	Group 2020 £	Group 2019 £	Association 2020 £	Association 2019 £
Goods held for resale	40,241	39,050	40,241	39,050

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

	Group 2020 £	Group 2019 £	Association 2020 £	Association 2019 £
Other debtors	27,531	102,322	2,556	101,754
BDA Benevolent Fund	17,447	43,660	17,447	43,660
Prepayments and accrued income	529,219	539,860	500,138	512,288
Amounts owed from BDA Trust Fund	-	-	731,977	910,832
	<u>574,197</u>	<u>685,852</u>	<u>1,252,118</u>	<u>1,568,534</u>

All amounts shown under debtors fall due for payment within one year.

15 Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Association 2020 £	Association 2019 £
Bank loan (secured - see note 16)	80,043	149,291	80,043	149,291
Trade creditors	211,790	246,456	211,790	246,456
Other creditors	1,291,400	933,074	1,291,400	933,074
Taxation and social security	215,356	188,596	215,356	188,596
Subscriptions paid in advance	2,523,399	2,591,558	2,523,399	2,591,558
Accruals and deferred income	475,927	758,298	473,927	758,298
	<u>4,797,915</u>	<u>4,867,273</u>	<u>4,795,915</u>	<u>4,867,273</u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Association 2020 £	Association 2019 £
Bank loan (secured)	619,592	629,641	619,592	629,641
Business continuity loans	1,466,667	-	1,466,667	-
	<u>2,086,259</u>	<u>629,641</u>	<u>2,086,259</u>	<u>629,641</u>

The first bank loan, provided by National Westminster Bank is repayable over 20 years by 76 quarterly instalments from March 2005 to December 2024. Interest is chargeable at 1.05% over the Bank of England base rate.

The business continuity loans are repayable over/by 6 years from June 2020. Interest is chargeable at 2.62% over the Bank of England base rate. For the first 12 months, the annual interest rate is 0% and there are no repayments.

The bank loans are secured on the company's long leasehold building, and on all other assets of the Association. The net book value of the assets securitised against bank loan is £3,216,795.

Maturity of debt

	Group Bank and other loans 2020 £	Group Bank and other loans 2019 £	Association Bank and other loans 2020 £	Association Bank and other loans 2019 £
In less than one year	80,043	149,291	80,043	149,291
In more than one year but not more than two years	288,187	151,997	288,187	151,997
In more than two years but not more than five years	731,405	477,644	731,405	477,644
In more than five years	1,066,667	-	1,066,667	-
	<u>2,086,259</u>	<u>629,641</u>	<u>2,086,259</u>	<u>629,641</u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

17 Financial instruments

The Group's and Association's financial instruments may be analysed as follows:

	Group 2020 £	Group 2019 £
Financial assets		
Financial assets measured at fair value through statement of comprehensive income		-
Financial assets that are debt instruments measured at amortised cost	5,222,184	4,558,914
	<u> </u>	<u> </u>
Financial liabilities		
Financial liabilities measured at fair value through statement of comprehensive income		
Financial liabilities measured at amortised cost	3,947,838	2,334,265
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and accruals.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow and interest rate risk is included in the report of the directors.

18 Commitments under operating leases

As at 30 September 2020, the group had minimum lease payments under non-cancellable operating leases as set out below:

	Land and buildings 2020 £	Other 2020 £	Land and buildings 2019 £	Other 2019 £
Operating leases which expire:				
Within one year	112,571	55,405	139,843	57,543
Between two and five years	254,540	93,499	303,592	148,674
Over five years	3,275,831	-	3,344,351	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	3,642,942	148,904	3,787,786	206,217
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (*continued*)

19 Cash flows from operating activities

	2020 £	2019 £
Deficit before tax	(1,010,076)	(136,314)
Corporation Tax	(3,710)	-
Depreciation – fixed assets	367,358	280,265
(Increase)/decrease in stock	(1,191)	11,395
Decrease(increase) in debtors	111,655	(191,546)
(Decrease)/increase in creditors	(110)	585,190
Pension scheme contributions paid in excess of pension charge	(170,245)	(161,466)
Interest receivable	(7,633)	(12,941)
Return on investments	(27,955)	(39,874)
Interest payable and similar charges	11,187	15,788
Loss(profit) from changes in fair value of investments	92,139	(10,787)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(638,581)	339,710
	<hr/> <hr/>	<hr/> <hr/>

20 Pensions

Defined benefit scheme

At 30 September 2020 the Association operated a defined benefit scheme in the UK. The scheme remains open only for future accrual and all eligible staff have been offered membership of a new defined contribution scheme.

The scheme is funded with the assets being held by the Scheme separately from the assets of the Association. The pension costs are determined in accordance with the advice of a professional qualified actuary, Barnett Waddingham LLP.

A further comprehensive actuarial valuation was undertaken as at 31 March 2020, the results of which are not finalised. To date no payments have been missed or payment holiday agreed.

Discussions regarding the new recovery plan are still in its early stages. As such, the Association will continue to pay £37,523 per month, increasing annually at 3.70% on and from April, until an agreement has been reached.

Under FRS 102, the Scheme's liabilities are determined by projecting the expected benefit payments using the chosen assumptions and then discounting the resulting cashflows back to the Review Date. For this purpose, the Scheme's liabilities have been calculated by updating the valuation calculations carried out for the formal funding valuation as at 31 March 2020.

At the Review Date there was a deficit of £4,750,000. This compares to a deficit of £3,032,000 at the previous review date. The main reasons for the change in deficit over the period are summarised below:

A significant fall in corporate bonds over the accounting period has led to a lower discount rate, which in turn places a much higher value on the liabilities. This was offset to some extent by the lower inflation assumptions, but the overall impact of the change in financial assumptions increased the deficit by approximately £1.7 million.

Although FRS 102 can be viewed as being fairly prescriptive about the principles to be used when selecting assumptions there is still a range of assumptions that could be considered acceptable under the standard. Even small alterations, for example to the discount rate, can have a significant effect of the results.

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 *(continued)*

20 Pensions *(continued)*

Amounts recognised in the balance sheet

	2020	2019
	£'000	£'000
Fair value of plan assets	23,753	23,892
Present value of plan liabilities	(28,503)	(26,924)
Scheme deficit	(4,750)	(3,032)

Reconciliation of defined benefit obligation

	2020	2019
	£'000	£'000
Defined benefit obligation at the beginning of the period	26,924	23,405
Interest cost	492	681
Benefits paid	(669)	(655)
Past service costs	-	67
Actuarial (gain)	1,756	3,426
Defined benefit obligation at the end of the period	28,503	26,924
Fair value of assets at the beginning of the period	23,892	22,236
Expected return on assets (before any restriction)	438	650
Employer contributions	442	426
Benefits paid	(669)	(655)
Administration costs	(218)	(167)
Actuarial (loss) on assets	(132)	1,402
Fair value of assets at the end of the period	23,753	23,892

British Dental Association

Notes forming part of the financial statements
for the year ended 30 September 2020 (*continued*)

20 Pensions (*continued*)

	2020 £'000	2019 £'000
<i>Amounts recognised in the consolidated income statement are as follows:</i>		
<i>Included in staff costs and overheads:</i>		
Current service cost	-	-
Past service cost	-	67
	<u>-</u>	<u>67</u>
	<u>-</u>	<u>67</u>
 <i>Amounts included in other finance costs</i>		
Net interest cost	272	265
	<u>272</u>	<u>265</u>
 <i>Analysis of actuarial loss recognised in other comprehensive income</i>		
Return on plan assets less interest	132	(1,402)
Experience gains and losses arising on the scheme liabilities	(197)	(114)
Changes in assumptions underlying the present value of the scheme liabilities	1,953	3,540
	<u>1,888</u>	<u>2,024</u>
	<u>1,888</u>	<u>2,024</u>

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (*continued*)

20 Pensions (*continued*)

The major assumptions at 30 September 2020 as used by the actuary were:

	30 September 2020	30 September 2019
Discount rate	1.55% p.a.	1.85% pa
Inflation assumption (RPI)	3.10% p.a.	3.25% pa
Inflation assumption (CPI)	2.30% p.a.	2.25% pa
Pension increases in payment (RPI)	3.10% p.a.	3.25% pa
Salary increases	3.30% p.a.	3.45% pa
Pension increases in deferment	CPI (except for those members who retain a salary-linked pension)	CPI (except for those members who retain a salary-linked pension)
Post-retirement mortality table	Males - 110% of S3NMa Females - 90% of S3 NFA	Males - 116% of S2NMa Females - 90% of S2 NFA
Post retirement mortality projection	CMI 2019 with a 1.25% pa long term rate of improvement	CMI 2019 with a 1.25% pa long term rate of improvement
Tax free cash	Members are assumed to take the maximum tax free cash possible	Members are assumed to take the maximum tax free cash possible

Under the mortality tables and projections adopted, the assumed future life expectancy at age 60 is as follows:

	30 September 2020 (years)	30 September 2019 (years)	30 September 2018 (years)
Male currently aged 40	29.3	29.6	28.8
Female currently aged 40	27.9	31.5	31.4
Male currently aged 60	32.1	28.2	27.3
Female currently aged 60	30.7	30.0	29.9

Net pension assets

The major categories of assets as a proportion of total assets are as follows:

Asset category	30 September 2020	30 September 2019	30 September 2018
Equities	57%	57%	61%
Bonds	20%	20%	20%
Gilts	22%	22%	19%
Cash	1%	1%	0%

The assets do not include any investment in the BDA.

British Dental Association

Notes forming part of the financial statements for the year ended 30 September 2020 (continued)

21 Financial information for the British Dental Association

In accordance with the Companies Act 2006 the Association is exempt from the requirement to prepare a separate income and expenditure account. However in order to aid the users of the financial statements the following information has been disclosed:

	2020 £	2019 £
Income	14,872,757	15,292,370
Cost of sales	(3,273,545)	(3,369,903)
	<hr/>	<hr/>
Net income	11,599,212	11,922,467
Meeting and sessional costs	(556,032)	(757,743)
Staff costs and overheads	(10,533,781)	(9,822,125)
Branch expenditure	(276,611)	(374,266)
Donations	(222,000)	(500,000)
	<hr/>	<hr/>
Operating surplus	10,788	468,333
Interest receivable	7,616	12,921
Interest payable and similar charges	(11,187)	(25,788)
Movement on disposal of fixed asset	-	-
Other finance charges	(272,000)	(265,000)
	<hr/>	<hr/>
Surplus on ordinary activities before taxation	(264,783)	190,466
Taxation on (deficit) from ordinary activities	(3,710)	-
	<hr/>	<hr/>
Surplus on ordinary activities after taxation	(268,493)	190,466
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22 Related party disclosures

There is no ultimate controlling party of the British Dental Association.

In preparing the financial statements of the parent Association, advantage has been taken of the disclosure exemption available in FRS 102 not to disclose related party transactions with the wholly owned members of the group headed by the parent Association.

There were no other related party transactions during the year.

BDA

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