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Finance and Resources Committee Meeting – 23 June 2009

2009 ANNUAL REPORT PAPER – PUBLIC PAPER

Executive summary and recommendations

### **Introduction**

#### **Decision**

The Committee is requested to approve the document.

#### **Background information**

Version 13 of the draft Annual Report for the year ending 31 March 2009 is attached. It includes feedback from both sets of auditors, Baker Tilly (UK) LLP and the National Audit Office and from Audit Committee members. Baker Tilly Tax Advisory Services LLP provided advice in detailing Note 7 of the financial statements.

At the Council meeting in May 2008, the Council agreed that the Audit Committee and the Finance and Resources Committee would be jointly responsible for reviewing the annual report and accounts and for agreeing any amendments – refer Council minutes item 9.08/59.

#### Key Financial points

Total Operating income £13,549k (2007-2008 £11,625k)

Total Operating Expenditure £12,926k (2007-2008 £11,577k)

Operating Surplus £623k (2007-2008 £47k)

P&L Impairment of land and buildings £849k (2007-2008 £1,040k)

Retained Deficit £375k (2007-2008 £976k)

Regarding the Impairment write down, the total value of the adjustment was £1,057k to adjust for the difference between market value at balance date of freehold property and the net book value. Note that the Phase Two project work incurred in 2008-2009 of £117k is shown as 'Assets under construction' in Note 8 of the accounts and not incorporated into the impairment for the year as the costs incurred are being carried forward.

Of the £1,057k (2007-2008 £1,270k) adjustment, £849k (2007-2008 £1,040k) impairment write-down was posted to the Consolidated Income and Expenditure Account and £208k (2007-2008 £230k) was posted to the Consolidated Revaluation Reserve in the Balance Sheet. The revaluation reserve adjustment

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					DD: None	RD: None

related entirely to Park House as there was no remaining revaluation reserve for 22-26 Stannary St Ltd.

For more background on the property valuation details, refer to Appendix Two in the accompanying March 2009 Management Accounts paper.

Regarding the retained deficit figure, the underlying cause was the impairment write-down of land and buildings value, following the Stannary Street building refurbishment project and subsequent market valuation in March 2009. The work was done with the consent and knowledge of the Council. Without the impairment adjustment, the year end results would show a retained surplus of £474k. At 31 March 2009, the accumulated funds had decreased to £941k (2007-2008 £1,425k).

Net Investment income, including gains or losses on sale of investments, totalled £194k (2007-2008 £246k). Interest payable of £10k related entirely to the interest charges levied by the HMRC for VAT amounts owing up to the point of deregistration of 22-26 Stannary Street Ltd in October 2008. The interest charges were largely offset by money market interest earned by the HPC up to the point of final VAT payment – refer F&R Committee paper in November 2008 for more details.

The balance sheet of the organisation shows fixed assets with a net book value of £3,594k (2007-2008 £3,756k). Of this, tangible fixed assets are primarily freehold land and buildings. Assets additions of £1,242k included £657k of freehold property (building refurbishment work) and £483k of computer system enhancements to the Registration system. The freehold land and buildings at year end were revalued to £2,520k which resulted in the impairment adjustments outlined above – refer Note 8 in the Accounts.

#### Stannary Street Financial Statements

Regarding the Profit and Loss Account for the Stannary Street subsidiary, this shows an operating loss of £56k (2007-2008 £57k) and a loss after impairment write-down of £905k (2008-2009 £494k). The £69k of operating income related entirely to the supply of space made available to the rest of HPC at market rates. The £125k of operating costs includes; rates, utility costs, repairs, depreciation, accounting costs and interest (VAT) charges.

Regarding the Stannary Street subsidiary balance sheet, fixed assets had a net book value of £902k (2007-2008 £1,120k) relating entirely to freehold land and buildings. Of the total creditors figure of £2,161k, £1,844k related to amounts owing to the HPC parent organisation, based on refurbishments completed to date. This represents internal financing of the Stannary Street refurbishments and is netted out in reporting the consolidated results.

Finally, the Draft Annual Report will remain subject to minor editorial amendments (including page number references) to be made by the Publications Manager.

#### **Financial implications**

Baker Tilly (UK) LLP audit fees of £46k (excluding IFRS comparative balances audit).

National Audit Office audit fees of £6.5k.

Baker Tilly Taxation and Advisory Services LLP fees (Corporate tax return preparation) of £5.6k.

**Appendices**

HPC Annual Report and accounts 2008-09

**Date of paper**

11 June 2009

1 April 2008 to 31 March 2009

Health Professions Council  
Annual report and accounts 2008–09

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## **Foreword from the President**

I am very pleased to present the 2008–09 annual report to you. The past year was one of unprecedented turbulence in the world's financial markets, and, as a result, the work of the financial regulators has come under increased public scrutiny. These external events rightly have an impact on all of us within the wider regulatory world. At the Health Professions Council, we have re-examined our own vision and strategy for the future. This has reaffirmed our ongoing commitment to being a transparent and robust regulator, and providing efficient, value-for-money regulation whilst meeting our objective of protecting the public.

Looking back over the past year, the Health Professions Council has continued to work hard to raise awareness of our role and to engage with the professions we regulate, employers, professional bodies and others with an interest in what we do.

Since 2006 it has been compulsory for our registrants to meet our standards of continuing professional development (CPD). In the last year, we began the first round of CPD audits, with chiropodists / podiatrists and operating department practitioners the first professions to be audited. Consequently, CPD has been a focus of our communications work, with numerous presentations held across the UK. We have been pleased by the very positive outcomes of the first audits and plan to produce a separate report for stakeholders.

Our popular Listening Events for registrants have helped to answer questions about a whole range of topics, and these events continue to be an important part of how we engage with registrants. A second round of Employer Events received positive feedback, and we plan to hold more such events in the coming year. We also undertook focused work with charities, advocacy organisations and others to raise awareness of the Health Professions Council amongst older people and their carers.

In 2008–09, we continued to work with the governments of the four home countries and other stakeholders to influence the policy agenda and ensure that we are well-prepared for change. The recommendations of a Professional Liaison Group set up to discuss revalidation highlighted still further the value of working closely with stakeholders and the importance of increasing our efforts to develop the evidence-base for regulation. The Council also undertook work to prepare for reforms which will see it become smaller and more strategic in the coming year.

Our considerable achievements to date could not have been possible without the hard work and dedication of everyone involved. I am delighted to be continuing as Chair of the Council from July 2009 and I am confident that the restructured Council will be even better equipped to work with the challenges of the coming years.

**Anna van der Gaag**  
**President**

## **Introduction from the Chief Executive**

This has been another year of growth and development at the Health Professions Council and there is every indication that 2010 will be no different.

Last year the Register grew further, reaching a new high of 185,000 by year end. In the coming year, we expect this number to grow still further. Subject to legislative approval, we will welcome seven types of practitioner psychologist into statutory regulation for the first time. In the past year we also worked in partnership with the Hearing Aid Council to consult on standards of proficiency, in preparation for the regulation of hearing aid dispensers in late 2010. We also established a Professional Liaison Group (PLG) to work with the psychotherapy and counselling professions to make recommendations about their future statutory regulation. I strongly believe that the Health Professions Council remains well-placed to regulate these professions and that regulation is of benefit to both the public and the professions themselves.

Early in 2008–09, a new part of our building was opened, providing the extra space on our existing site that we needed to ensure we continue to perform our role effectively. In particular, the extra space has meant that we can now hold more fitness to practise cases at Park House than ever before. The premises valuation in March 2009 reflected a decline in general property market conditions and the capital work additions. The valuation generated a further impairment adjustment downward of approximately £1.06M, of which £0.85M was taken through the income and expenditure account for the year.

The number of fitness to practise cases continues to rise with 483 allegations received and 175 concluded Conduct and Competence and Health Committee hearings, an increase from 424 allegations and 156 concluded hearings last year. However, our fitness to practise cases still involve only a very small minority of practitioners; just 0.26% of registrants were subject to a complaint last year.

I would like to take this opportunity to thank the members of the Council, the Committees, our partners, and our employees for their hard work, commitment and enthusiasm over the past year.

**Marc Seale**  
**Chief Executive and Registrar**

## **The Health Professions Council**

The Council submits its seventh annual report together with the audited financial statements for the year ended 31 March 2009.

### **Legislative and regulatory background to the Health Professions Council**

The Health Professions Council (HPC), a 'Body Corporate', was set up on 1 April 2002 by the Health Professions Order 2001. The Health Professions Council replaced the Council for Professions Supplementary to Medicine (CPSM). The Council is one of nine UK statutory regulators of healthcare professionals. The Health Professions Council currently regulates approximately 185,000 individuals. These are known as registrants and are members of the 13 professions regulated by the Health Professions Council. The number of registrants changes on a daily basis. The Health Professions Council is an independent organisation. It is self-funding. It is regarded as a public body but it is not part of the four Departments of Health for the UK or the NHS UK. Virtually all its financial costs are funded by fees from registrants. The fees are set out in the Health Professions Council (Registrations and Fees) Rules. Any fee increase is subject to a consultation and must be approved by The Privy Council. In May 2005 the Council purchased a subsidiary, 22–26 Stannary Street Limited, to acquire the adjoining land and buildings of 22–26 Stannary Street.

### **Health Professions Council objectives**

The principal objective of the Health Professions Council is set out in the Health Professions Order 2001. The objective is "to safeguard the health and well-being of persons using and needing the services of registrants". The main function of the Health Professions Council is to establish standards of education and training, conduct and performance for members of the relevant professions and to ensure the maintenance of these standards.

### **Corporate governance arrangements and organisational structure**

In accordance with the governance arrangements set out in the Health Professions Order 2001, the Health Professions Council has four statutory committees. These are the:

- Conduct and Competence Committee;
- Education and Training Committee;
- Health Committee; and
- Investigating Committee.

The Health Professions Council has also established three non-statutory committees. These are the:

- Audit Committee;
- Communications Committee; and
- Finance and Resources Committee.

## **Composition of the Council**

### **Members during the year**

All Council members served throughout the year except as shown below.

Anna van der Gaag – President

### **Registrant members**

Karen Bryan  
Helen Davis  
John Donaghy  
Elizabeth Ellis (until 26 November 2008)  
Morag MacKellar  
William Munro  
Pam Sabine  
Jeff Seneviratne (from 9 July 2008)  
Graham Smith  
Annie Turner  
Diane Waller  
Neil Willis  
Stephen Wordsworth (from 9 July 2008)

### **Alternate members**

Ozan Altay  
Patricia Blackburn  
Sue Griffiths (until 26 April 2008)  
Daisy Haggerty  
Carol Lloyd  
Alan Mount  
Helen Patey (until 12 October 2008)\*  
Jacqueline Pearce  
Gill Pearson  
Doug Proctor  
Jacqueline Sheridan  
Eileen Thornton  
Mark Woolcock

\*deceased

### **Lay members**

Paul Acres  
Mary Clark-Glass  
Robert Clegg  
Peter Douglas (until 31 March 2009)  
Sheila Drayton  
Christine Farrell  
John Harper  
Tony Hazell (until 31 December 2008)  
Jeff Lucas  
Keith Ross  
Barbara Stuart

The Health Professions Order 2001 provides for a situation whereby non-Council members can be appointed to any Committee of Council.

The Council has appointed the non-Council members to the following Committees:

Audit Committee – Richard Kennett  
Education and Training Committee – Stephen Hutchins  
Finance and Resources Committee – Daniel Ross  
Health Committee – Shah Khan  
Investigating Committee – Nigel Callaghan

There is currently a vacancy for the non-Council member (a registered medical practitioner) on the Conduct and Competence Committee.

A Register of Interests in respect of all members is maintained. The register is published on the Health Professions Council website.

The Chief Executive and Registrar is Marc Seale.

### **Method of appointment or election of Council members**

The full membership of the Council is 40 members; 13 registrant members, 13 alternate members, 13 lay members and a President. The President may be either a registrant or a lay member. There are currently seven vacancies on the Council; one for a registrant member, two for alternate members and four for lay members. The registrant and alternate members are currently elected by registrants from the same part of the Register. The lay members are appointed by the Appointments Commission. The number of registrant and alternate members (ie 13) is linked to the number of professions currently regulated by the Health Professions Council. There is an alternate member for every registrant member. Alternate members have the same functions as registrant members but are only able to attend Council meetings in their capacity as a member and vote if registrant members are not present at the meeting. There must be at least one lay member and one registrant or alternate member for each country within the United Kingdom.

### **Committee membership**

As set down in the Health Professions Order 2001, all Committees are chaired by Council members. The majority of Committee members are also Council members, however the Council has appointed six non-Council Committee members to bring additional professional skills and expertise to Committee decision-making. These members were appointed in accordance with the principles set out by the Office of the Commissioner for Public Appointments.

The Council has a number of executive departments operating under the leadership of the Chief Executive. These departments are:

- Communications;
- Education;
- Finance;
- Fitness to Practise;
- Human Resources;
- Information Technology;
- Operations;

- Policy and Standards;
- Registration; and
- Secretariat.

**Form of financial statements**

In accordance with Article 46(1) (b) of the Health Professions Order 2001, the Financial Statements have been prepared in a form directed by the Privy Council in its Accounts Direction, which complies with the HM Treasury Guidance on the preparation of accounts for non-departmental public bodies, as if the Health Professions Council were a non-Departmental Public Body (NDPB) of the Department of Health.

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## Corporate, social and environmental responsibility

A 'statement of intent' document relating to corporate, social and environmental responsibilities was approved by the Council in 2007. A number of initiatives were pursued by a cross-directorate working group during 2008–09. These included:

- maintaining ethical restrictions on Health Professions Council investment funds (direct investment in alcohol production, tobacco and gambling companies);
- establishing a Fire and Safety Team (FAST) which includes representatives from each area of the building;
- undertaking an employee attitude survey in summer 2008 which included questions about the working environment;
- researching and planning the implementation of a childcare-voucher scheme in 2009;
- encouraging employees to switch-off office appliances overnight to save power;
- the provision of bicycle racks outside the Health Professions Council premises to encourage bicycle commuting;
- the purchase of Fair-trade tea and coffee products;
- replacing Health Professions Council Christmas cards with a donation to a nominated charity; and
- holding an employee event where used spectacles, mobile phones and the financial proceeds of a book sale, were donated to nominated charities.

### **Recycling**

In 2008–09, we recycled approximately 1,500 kilos of paper each month. In the year ending 31 March 2008, 17.6 tonnes (13.1 tonnes in 2007–08) of confidential waste paper material was recycled. This amount is equivalent to 293 trees. We have also introduced new facilities for recycling plastic drinking cups in our offices and public spaces, and we return used printer-cartridges to the manufacturer for recycling. All printer paper used at the Health Professions Council is now recycled.

### **Tree planting**

In November 2008, Kate Hoey, Member of Parliament for Vauxhall, planted three trees outside the Health Professions Council offices in Stannary Street. The trees were donated by the HPC and supplied by Trees for Cities, a national charity working with local communities on tree-planting and landscaping projects. We also worked closely with the Heart of Kennington Residents' Association in organising the tree planting ceremony, which received coverage in local media.

In the coming year we plan to continue our commitment to corporate, social and environmental responsibilities and to implement further initiatives involving all Health Professions Council employees.

## **Equality and diversity**

The HPC maintains an equality and diversity scheme encompassing equality and diversity training of employees, council members and partners, the collection of demographic data, ongoing monitoring, and the inclusion of equality and diversity impact assessments in departmental work plans.

The Health Professions Council is an equal opportunities employer and provides employment opportunities and advancement of all suitably qualified persons regardless of age, dependents, disability, ethnic origin, gender, marital status, political beliefs, religion or sexual orientation.

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## Management Commentary

The objectives, functions and legislative background of the Health Professions Council are outlined on page 7 under 'The Health Professions Council'.

### Key operating statistics and commentary

The table below shows the key operating statistics for the six years to 31 March 2009.

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Total operating income in £000's	6,965	10,038	10,988	10,512	11,625	13,549
Total operating expenditure in £000's	8,299	10,367	10,106	10,502	11,578	12,926
<b>Net (deficit)/surplus in £000's</b>	<b>(1,334)</b>	<b>(330)</b>	<b>882</b>	<b>9</b>	<b>47</b>	<b>623</b>
Working capital in £000's	1,727	1,645	2,532	2,449	3,010	3,080
Total assets in £000's	6,990	6,966	9,409	9,852	10,397	10,638
Capital purchases in £000's	514	99	1,040	544	1,539	1,241
Average number of FTE* permanent employees	55	66	76	80	95	116
Registrant numbers	144,834	160,381	169,235	177,230	178,393	185,689
Number of professions regulated	12	13	13	13	13	13
Number of fitness to practise allegations	134	172	316	322	424	483
Number of fitness to practise hearings	n/a	102	140	222	324	396

\* full time equivalent (temporary / agency contractors are not included)

The number of permanent employees at 31 March 2009 was 116.

In the six years since 2003–04, net registrant numbers have risen by 28.2 per cent. The number of registrants at the end of the financial year is a combination of the opening balance, the number of UK and international registrations added during the year, readmissions to the register, additions from any new professions regulated and reduced by the number of registrants who deregister during the year. In the 2003–04 year, the average number of registrants per profession was about 12,000, rising to an average per profession of about 14,280 in 2008–09.

Income growth during the past six years has come both from growth in registrant numbers within each profession and from the addition of one additional profession regulated (operating department practitioners). The largest other volume growth contributions have come from the following professions; occupational therapists, paramedics, physiotherapists and radiographers. Income growth during the past five years also came from across-the-board fee rises.

The growth in the average number of permanent employees has been largest in the Fitness to Practise, Education and Registration Departments. The Fitness to Practise Department handles allegations, cases and hearings concerning Health-Professions-Council-registrant health (where the health of the registrant may be affecting their ability to practise), conduct and competence – see the Fitness to Practise annual report for more information. The Education Department runs the approvals and monitoring process

relating to programmes that health professionals must complete before they can register with us – see the Education annual report for more information. The Registration Department handles applications for registration, handles registrant enquiries, runs the registration renewal process and manages the continuing professional development process for registrants.

### **Fee rise**

Following an extensive consultation process with stakeholders, the Council approved a general fee rise which will come into effect from 1 April 2009. The renewal fee has increased from £72 per year to £76 per year and only takes effect from the date each profession next renews. The last fee rise occurred in June 2007.

### **Risks and uncertainties affecting the Health Professions Council's long-term position**

The Health Professions Council maintains and regularly updates an organisation-wide 'risk register'. The register catalogues the agreed key risks facing the organisation in the short- to medium-term, assigns a risk owner and converts the risk likelihood and significance into a risk score. Please refer also to the 'Risk and control framework' in the Accounting Officer's Statement on Internal Control.

Over the next five years, regarding funding, there is uncertainty in several areas. These include the following.

- Forecasting the volumes for the number of new health professionals applying to join the Health Professions Council Register, the number of International applicants, the number of readmissions and the rate of deregistration of registrants, including retirements and voluntary deregistrations by profession.
- Forecasting the magnitude of future fee changes.
- Accurately forecasting the list and timing of aspirant professional groups wanting to become regulated by the Health Professions Council.

Over the next five years, regarding spending, there is uncertainty in several areas. These include the following.

- Forecasting the cost impacts (timing and magnitude) of compliance with the Government paper published in early 2007 titled Trust, Assurance and Safety – The Regulation of Health Professionals in the 21<sup>st</sup> Century. The White Paper indicated that revalidation of 'non-medical specialists' including the existing professions currently regulated by the Health Professions Council, would need to be in place by 2011. The White Paper also referred to the need for the existing health care regulators to consider the regulation of health-care assistants / support workers. Other potential costs for health-care regulators include; those relating to selective language testing, student / trainee registration, post registration qualification record-keeping, harmonisation of regulation between the UK / European regulators and annual equality and diversity reporting to Parliament.
- Forecasting the increase in the number of fitness to practise allegations and the total cost of fitness to practise hearings.
- Forecasting the cost impacts (timing and magnitude) of capital infrastructure projects, including software enhancements, software upgrades and building works. These are also influenced by the timing of the White Paper changes outlined above.

Regarding key relationships with stakeholders that might affect the Health Professions Council's long-term position, some of the Health Professions Council's most important

stakeholder groups are the general public, employers, government, employees, professional bodies and registrants.

As a statutory regulator with the principal functions of establishing and maintaining standards of education, training, conduct and performance for members of the relevant professions in order to “safeguard the health and well-being of persons using or needing the services of registrants” the Health Professions Council is accountable to and reliant on the Privy Council for the functions conferred on it or provided to it by order. As a UK health regulator, the Health Professions Council needs to maintain a close working relationship with the Department of Health in England, Northern Ireland, Scotland and Wales to coordinate changes in the regulation of various health groups over the longer term, including scope and timing issues.

Registrants provide an important range of services to help the Health Professions Council function effectively. These services include serving on professional liaison groups to set standards, providing valuable stakeholder feedback at Listening Events and in consultations, serving as registration assessors, serving as education provider visitors, serving as fitness to practise panel members, providing testimony at fitness to practise hearings and serving as Council or Committee members. In order to comply with future changes to the Health Professions Order impacting the Health Professions Council’s long-term position, the support of registrants is a very important element.

In order to achieve the principles of good regulation, the Health Professions Council invests much time and effort in maintaining close links with its stakeholders. This includes, but is not limited to:

- holding regular registrant Listening Events across the UK;
- attending meetings with stakeholders in the home countries;
- holding employer events across the UK;
- attending the three main political party conferences and home country main political party conferences;
- giving talks and presentations to a range of stakeholders;
- organising stakeholder consultations;
- attending health professional body meetings;
- distributing public information material;
- contacting registrants;
- updating the Health Professions Council website;
- distributing Health Professions Council briefings to Members of Parliament; and
- attending Government-led meetings to provide input and be briefed on forthcoming developments.

### **Financial review**

There was a retained deficit after tax of £375,021 (2007–08 deficit of £976,272) for the year, which is set out in these financial statements. The underlying cause of the deficit was impairment write down of the land and buildings, following the phase one building refurbishment work and a decrease in the market value. Phase one is building refurbishment work which has been done on the premises at 22-26 Stannary Street and Phase two relates to an additional floor being built on these premises. The total impairment was £1,056,695 (2007–08 impairment £1,269,962) with £207,800 (2007–08 £230,443) going through the revaluation reserve. This reduces the revaluation reserve from £421,746 at the start of the year to £213,946. The remaining amount of £848,895 (2007–08 £1,039,519) generates the retained deficit. Without the impairment adjustment,

the results as at 31 March 2009 would show a surplus of £473,874. At 31 March 2009 accounting reserves had decreased to £940,762 (2007–08 £1,424,746). The work was done with the consent and knowledge of the Council and is in line with the change in South London property market conditions during the course of the year.

Net investment income, including gains or losses on sale of investments, totalled £193,647 (2007–08 £246,169).

The balance sheet of the organisation shows fixed assets totalling £3,594,236 (2007–08 £3,756,215). Of this, tangible fixed assets are primarily freehold land and buildings. Asset additions of £1,241,819 included £656,543 of freehold property (building refurbishment work) and £483,488 of computer-system enhancements to the registration system. The freehold land and buildings were revalued at the year end to £2,520,000 which resulted in the impairment as detailed above. The investment portfolio is managed by professional fund managers with a market value at 31 March 2009 of £1,347,418 (2007–08 £1,528,047). Cash at bank and on deposit rose to £5,341,865 (2007–08 £4,899,109). There was deferred income of £7,106,069 (2007–08 £6,869,190) comprising registration and renewal fees received in advance.

### **22–26 Stannary Street Limited**

The financial information relating to the property subsidiary company 22–26 Stannary Street Limited can be found in Note 16 of these financial statements for the year ending 31 March 2009.

### **Key supplier contracts and the better payment practice code**

The Health Professions Council has key supplier contracts relating to services that are a key part of fulfilling its function as a regulator. These include instructing a legal firm to provide legal services relating to conducting fitness to practise hearings and obtaining ongoing legal advice from an external public law advisor. It also includes ensuring IT-system-support contracts and nightly data back-up procedures are in place.

It is Council policy to observe the principles of the better payment practice code by settling all undisputed invoices within 30 days. During the financial year, 97 per cent by value of creditor invoices were paid within 30 days. No interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Corporate, social and environmental responsibility**

Refer to the section on Corporate, social and environmental responsibility in the front of this annual report.

### **Equality and diversity**

Refer to the section on Equality and diversity in the front of this annual report.

### **Employee involvement**

The Council places considerable reliance on the involvement of its employees in achieving organisational objectives. It also makes considerable effort to ensure employees are kept informed of the Council's plans and developments.

Channels of employee communication include, but are not limited to:

- weekly meetings of the Executive Management Team;
- Cross Department Team (CDT) meetings;
- project team meetings;

- all-employee meetings;
- departmental team meetings; and
- one-to-one meetings between managers and their direct reports.

To facilitate good communication, as well as in person meetings, there is extensive use of email, regular updates of the Health Professions Council intranet and regular publication of HPC Update, the Health Professions Council employee newsletter. There is also employee induction training and employee attendance at public meetings of the committees and Council.

During the financial year, an employee attitude survey was conducted with the results analysed, summarised and made available to the Finance and Resources Committee, the Executive Management Team and employees. In addition, the National Audit Office conducted an 'organisational health check' of the Health Professions Council. The results were presented to the Council, the Executive Management Team and presented at an all-employee meeting.

### **Health and safety**

The total number of employee sick leave days reported in 2008–09 was 849 (777 days in 2007–08). The average number of sick days per FTE in 2008-09 is 7.3 days (8.2 days in 2007–08). The Health Professions Council is committed to adhering to the Health and Safety at Work Act 1974 and other related UK and European requirements to ensure that employees, Partners, Council members, Committee members and external visitors to the Health Professions Council premises continue to enjoy the benefits of a safe working environment. No health and safety incidents were reported during the year.

### **Personal-data-related incidents**

There were no data-related incidents identified or reported during the year.

### **Audit information**

The Accounting Officer for the Council confirms that he has taken steps to ensure the auditors are aware of all information pertinent to the audit and has ensured that such information he was aware of was notified to and made available to the auditors. The Accounting Officer confirms that there is no relevant audit information he is aware of that has not been communicated to the auditors.

**Auditors**

The management commentary and remuneration report of the annual report and the financial statements are audited by the Health Professions Council’s external auditors, Baker Tilly UK Audit LLP.

Under the Article 46 (5) of the Health Professions Order 2001, the Comptroller and Auditor General are required to examine, certify and report on the annual accounts.

The Health Professions Council’s internal auditors are PKF (UK) LLP.

By order of the Council

**Anna van der Gaag**  
President

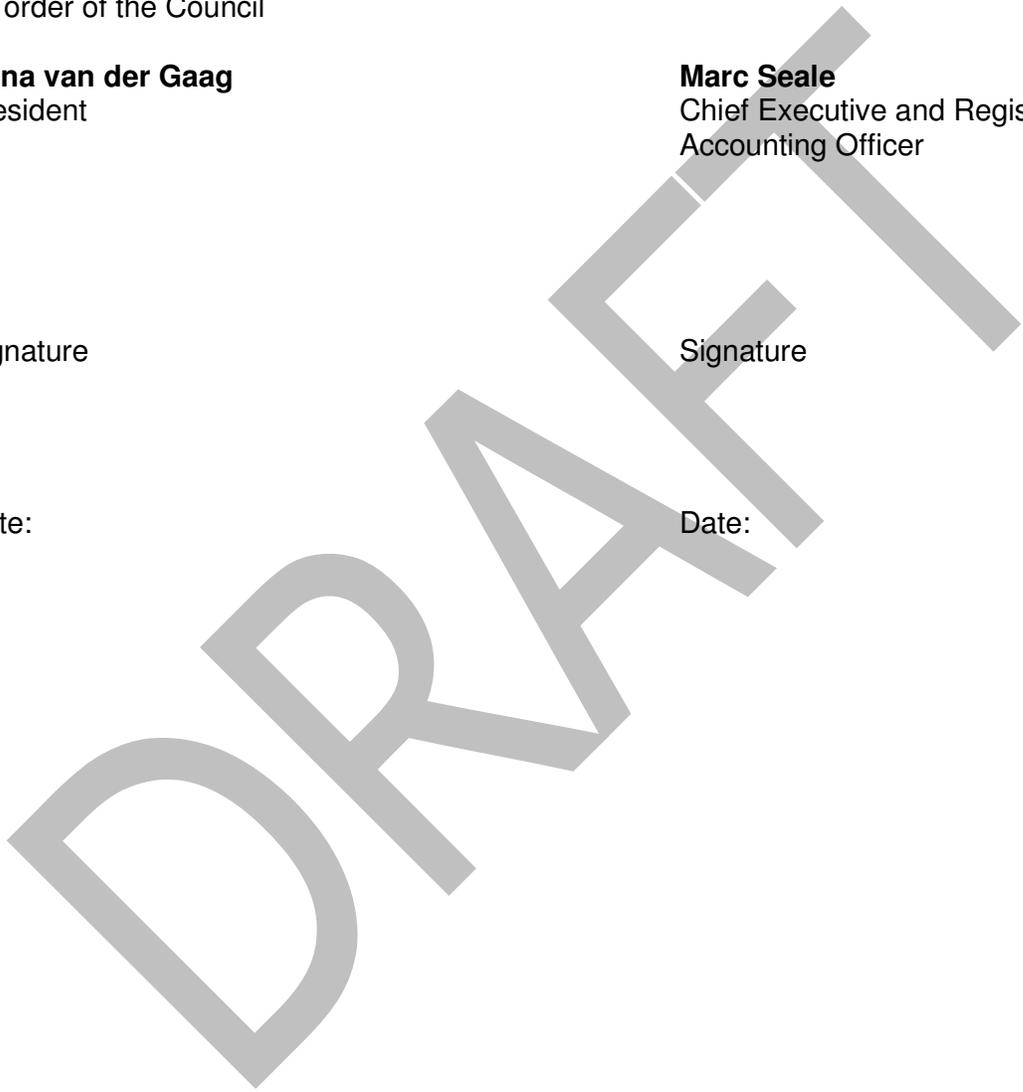
**Marc Seale**  
Chief Executive and Registrar  
Accounting Officer

Signature

Signature

Date:

Date:



## Remuneration report

The financial aspects of this report are audited by the independent auditors and the National Audit Office.

The remuneration levels for the Chief Executive and Executive Management Team (EMT) are reviewed annually in February by the Remuneration Committee, after due consideration for annual performance and changes in the London labour markets. Regarding labour market benchmarking of Health-Professions-Council-employee roles, an external rating agency is used to assess remuneration levels, based on the job description outlined for each type of role. For existing employees, the resulting remuneration changes come into effect from the start of the subsequent financial year and apply for the full financial year, or until the date of leaving, whichever comes first.

In the Health Professions Council's remuneration package, the most significant item is salary benefit. No performance bonuses are payable to any employee and no senior managers are on fixed-term contracts. For employees passing their six-month probationary period, they can elect to join the contributory pension scheme. The employer contribution levels in the current employment contract at 31 March were 16.5 per cent for contracts pre-dating May 2007 and 7 per cent basic salary for employee contracts dated May 2007 onwards. The employee contribution rate is set at a minimum of 3 per cent of basic salary.

The employment contract for senior (departmental) managers requires a termination notice period of three months to be given by the employee after successfully completing their probationary period. At 31 March 2009, there were no provisions relating to compensation for early termination of any employees and no significant awards were made in respect of early termination made to past senior managers. No Health-Professions-Council employee roles require the employee to have a health practitioner's background.

The Chief Executive and Registrar's total remuneration was £164,878 (2007–08 £149,889). This includes basic pay as well as pension contributions paid by the Council of £23,352 (2007–08, £21,229). The Chief Executive and Registrar is an ordinary member of the Friends Provident Pension Scheme (see note 15). His total pensions fund value was £218,252 (2007–08, 221,593) and his age is 55. No other senior employee salaries are disclosed, as decision-making is vested in the Council members.

Council members do not receive remuneration for their services but receive an attendance allowance when they attend Council and Committee meetings. The President also receives an additional amount for non-meeting work done (external visits etc), up to 60 days per annum. No benefits in kind were provided to Council and Committee members during the year.

Council and Committee member allowances, totalling £244,725 (2007–08 £227,202) were accrued and paid to 41 members (40 members in 2007–08). This includes five non-Council Committee Members. The attendance allowances accrued and paid directly to, or via their employer, those members earning at least £5,000 in annual value were as follows:

<b>Council Member</b>	<b>Role</b>	<b>Accrued and paid directly</b>	<b>Accrued and paid to employer</b>
Anna van der Gaag	President	£ 51,235	
Diane Waller	Registrant Council Member	£ 10,760	Goldsmith University
Carol Lloyd	Alternate Council Member	£ 10,140	
Babara Stuart	Lay Council Member	£ 9,550	
Helen Davis	Registrant Council Member	£ 9,030	University of Sheffield
Robert Clegg	Lay Council Member	£ 8,030	
Neil Willis	Registrant Council Member	£ 7,870	
Sheila Drayton	Lay Council Member	£ 7,710	Drayton Associates Ltd
Mary Clark-Glass	Lay Council Member	£ 7,410	
Tony Hazell	Lay Council Member	£ 7,400	
Jacqueline Pearce	Alternate Council Member	£ 7,360	
Irene Daisy Haggerty	Alternate Council Member	£ 6,910	
Keith Ross	Lay Council Member	£ 6,730	
Peter Douglas	Lay Council Member	£ 6,480	
John Harper	Lay Council Member	£ 5,850	The Robert Gordon University
Annie Turner	Registrant Council Member	£ 5,470	University College Northampton
Graham Smith	Registrant Council Member	£ 5,230	

### **Council and committee member expenses and fees**

In 2006, following a review of how the Health Professions Council reimburses Council and Committee member allowance fees and expenses, it was found that the Council would have an obligation to pay the associated PAYE and National Insurance on expenses and National Insurance contributions on attendance allowance fees paid. The Council has updated their payment policy and procedure to reflect this. The total provision shown in the accounts is £450,514 relating to the PAYE and National Insurance due on the fees and expenses paid in the six years to March 2009. This includes £26,126 relating to the financial year 2008–09.

### **Methods used to assess performance**

The review system for Council members was agreed by the Council in 2006. The system provides a mechanism for annual self-appraisal; a mechanism for appraisal of the President; and an opportunity for members of Council to discuss their experiences of the Health Professions Council with the President. The system is competency-based, in common with many systems used for review of board members. Members complete a self-appraisal form and meet with the President for discussion and feedback and identification of any training needs. The President then presents a paper to Council, outlining general themes and conclusions from the process.

By order of the Council

**Anna van der Gaag**  
President

**Marc Seale**  
Chief Executive and Registrar  
Accounting Officer

Signature

Signature

Date:

Date:

DRAFT

## **Statement of responsibilities of the Council and its Chief Executive in respect of the accounts**

The accounts are prepared in accordance with the Accounts Direction from the Privy Council which requires the accounts to be prepared with reference to the Government Financial Reporting Manual (FReM) guidelines and Managing Public Money, published by HM Treasury in October 2007.

The Health Professions Order 2001 requires that annual accounts are prepared and audited. The Council and the Chief Executive (as Accounting Officer) are responsible for the preparation and the approval of accounts. In preparing those accounts they are required to:

- observe the application accounts direction issued by the Privy Council, following HM Treasury guidance;
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Council will continue in business.

The Council and its Chief Executive are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and to enable them to ensure that the financial statements comply with the provision of the Health Professions Order 2001. They are also responsible for safeguarding the assets of the Council and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer for the Privy Council has appointed the Chief Executive as the Accounting Officer for the Council. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper accounting records, are set out in the non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in the Government Financial Reporting Manual (FReM).

## **Accounting Officer's statement on internal control**

### **Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives, whilst safeguarding the Health Professions Council's assets for which I am responsible, in accordance with the responsibilities assigned to me by the Privy Council.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Health Professions Council for the year ending 31 March 2009 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

### **Capacity to handle risk**

The governing Council vests the responsibility of its risk management process in its Executive Management Team, which is responsible for formulating methods of mitigating identified risks and for formulating a business-continuity plan. The Executive Management Team is responsible for ensuring that employees and visitors to the Health Professions Council premises are suitably briefed and trained where necessary. The Health Professions Council uses the ongoing services of a risk management consultant firm to ensure health and safety awareness and training. Regarding the 22–26 Stannary Street building project, a further specialist consultant was used to ensure health and safety compliance relating to the project.

### **Safeguarding personal and other sensitive data**

The Health Professions Council operates a range of measures to help safeguard personal and other sensitive data. A review of these measures was made by the Audit Committee during the year. Broadly, the measures include:

- information-security training for employees;
- operating different types and levels of system-access rights;
- creating audit trails of record changes;
- the use of unique user-codes and passwords to access systems, laptops and PCs;
- the use of electronic firewalls and virtual private networks;
- regular data-security-penetration-testing by specialist external parties;
- the use of data-protection agreements and employee agreements containing data-confidentiality clauses;
- the use of locked safes and locked filing cabinets;
- secure, offsite record storage;
- redaction (removal of sensitive fitness to practise information from documents) before publication on websites;
- the use of shredding machines and confidential waste disposal arrangements;
- physical destruction of computer hard disks prior to recycling by the manufacturer;
- the use of standalone PCs and smartcards;

- the use of post-transaction verification messages [what does this mean?]; and
- the use of CCTV and physical access controls relating to the buildings and IT infrastructure.

### **The risk and internal control framework**

Current risks are identified and evaluated as to their significance and probability of occurrence by the Executive Management Team with input from the internal and external auditors. All such risks are assigned a risk owner who is responsible for managing and mitigating the risk. Risk management is an ongoing process. The Audit Committee formally reviews the latest Risk Register information during the year. The Committee takes into account feedback from the auditors and it provides feedback to the Executive. Risks identified in the Risk Register are considered and referenced in the workplans for each department and highlighted in significant projects.

Risk mitigation occurs in a variety of ways. For example;

- monitoring regular management information (exception reporting);
- obtaining suitable insurance cover;
- investment diversification;
- ensuring certain administrative procedures such as regular password changes and the segregation of duties;
- providing employee training
- monitoring legislative changes for their impact on the Health Professions Council's operations; and
- maintaining a system of accountability.

To elaborate, it includes:

- ensuring consideration of the Council's strategic objectives in reacting to change brought about by UK legislation and other external pressures;
- reviewing and updating operating procedures;
- ensuring suitable systems and physical infrastructures are in place;
- ensuring employees are adequately briefed and trained in order to respond to change;
- ensuring that corporate governance best practice, as appropriate to the Council, is maintained and updated to meet changing requirements;
- constructing comprehensive budgeting and forecasting models to produce an annual budget and five-year plan which are reviewed and agreed by the Council;
- ensuring regular reviews by the Council and the Finance and Resources Committee of monthly and annual financial performance against forecasts;
- ensuring ongoing audits by the internal and external auditors, and specialist information technology / service security providers;
- obtaining external specialist advice on legislative compliance in a range of areas;
- setting performance targets to measure financial and other performance, including individual goals and objectives for departments and managers;
- clearly defining and monitoring procedures for the authorisation and control of revenue and expenditure;
- operating within the dictates of the Financial Regulations, financial policies and procedures;
- ensuring clear documentation of operating procedures and processes to maintain International Organisation for Standardisation (ISO) accreditation; and

- regular quality audits of the Health Professions Council's processes by the British Standards Institute that are risk-based.

Internal controls are created and maintained by the Executive Management Team. The internal controls are routinely reviewed by the internal and external auditors and commented on in their audit findings reports. These audit findings reports are presented on a regular basis to the Audit Committee. The Audit Committee reviews the audit findings and associated management responses in those reports. The Committee creates action points for the Executive to improve the internal controls, as appropriate. The minutes of the Audit Committee are routinely provided to the Council to note. If necessary, internal control issues are escalated by the Audit Committee to the Council. Achievement of the Audit Committee action points is monitored at subsequent Audit Committee meetings and addressed as appropriate, in audit findings reports from the auditors.

As the Accounting Officer, I routinely attend Council meetings, Audit Committee meetings and Executive Management Team meetings. I am also the designated senior officer in the whistle-blower policy for employees to approach, if they have concerns regarding malpractice (significant internal control concerns).

#### **Review of effectiveness**

As the Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letters and other reports. I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the Council and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. The process is outlined under the heading 'The risk and internal control framework' above.

#### **Internal auditors**

The Council appointed PKF (UK) LLP as the Health Professions Council's internal auditors in May 2006. During the 2009 financial year, internal audits were carried out in a number of key areas, namely; processes for the approval and monitoring of education and training programmes, registrant continuing professional development (CPD) processes, the online renewals project, financial systems, corporate governance and risk management, and the purchase requisition system project.

I conclude from my review that there are no significant weaknesses to report.

#### **Marc Seale**

Chief Executive and Registrar  
Accounting Officer

Signature:

Date:

## **Independent auditors' report to the members of the Health Professions Council**

We have audited the financial statements on pages 30 to 50.

This report is made solely to the Council's members, as a body. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and Council and Committee members as a body, for our audit work, for this report, or for the opinion we have formed.

We certify that we have examined the financial statements on pages 30 to 50 in accordance with Section 46(2) of the Health Professions Order 2001. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 35 to 36.

### **Respective responsibilities of the Council, the Chief Executive and the auditor**

As described on page 22, the Council and the Chief Executive are responsible for the preparation of the financial statements in accordance with the Health Professions Order 2001 and Privy Council directions made there under, and for ensuring the regularity of financial transactions. The Council and its Chief Executive are also responsible for the preparation of the other contents of the annual report. Our responsibilities, as independent auditors are established by statute and we have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Section 46(1) (b) of the Health Professions Order 2001 and Privy Council directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. We also report if, in our opinion the Management Commentary is not consistent with the financial statements, if the Council has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the statement on pages 30 to 50 reflects the Council's compliance with Treasury guidance on the Statement on Internal Control. We report if it does not meet the requirements specified by HM Treasury or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Accounting Officer's Statement on Internal Control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the foreword from the President and introduction from the Chief Executive and the information on pages 7 to 25. 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, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the 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 error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with the Health Professions Order 2001 and directions made thereunder by the Privy Council, of the state of the Health Professions Council's affairs as at 31 March 2009 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Health Professions Order 2001 and the Privy Council directions made thereunder; and
- information given within the annual report, which comprises the Management commentary and Remuneration report, is consistent with the financial statements.

### **Audit opinion on regularity**

In our opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Baker Tilly UK Audit LLP  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

Signature:

Date:

## **The certificate and report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements of the Health Professions Council for the year ended 31 March 2009 under the Article 46(5) of the Health Professions Order 2001. These comprise the Income and expenditure account, the Balance sheet, the Cash flow statement and Statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

### **Respective responsibilities of the Council, the Chief Executive / Accounting Officer and auditor**

The Council and Chief Executive as Accounting Officer are responsible for preparing the annual report, the Remuneration report and the financial statements in accordance with the Health Professions Order 2001 and Privy Council directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Responsibilities of the Council and Chief Executive's / Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with the International Standards on Auditing (UK and Ireland).

I report to you whether, in my opinion, certain information given in the annual report comprising the Management commentary and Remuneration report, is consistent with the financial statement. I also report to you whether the financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council directions made thereunder. I report to you whether, in my opinion, certain information given in the annual report, which includes the Management commentary and Remuneration report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Health Professions Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed

I review whether the Statement on internal control reflects the Health Professions Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Health Professions Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis; of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Chief Executive and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Health Professions Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration report to be audited.

## **Audit opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Health Professions Order 2001 and directions made there under by the Privy Council, of the state of the Health Professions Council's affairs as at 31 March 2009 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Health Professions Order 2001 and Privy Council directions made there under; and
- information given within the annual report, which comprises the Management commentary and Remuneration report, is consistent with the financial statements.

## **Audit opinion on regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## **Report**

I have no observations to make on these financial statements.

**T.J Burr**  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS

Signature:

Date:

## Consolidated income and expenditure account for the year ended 31 March 2009

<b>Income</b>	<b>Notes</b>	<b>2009 £</b>	<b>2008 £</b>
Fee income			
Registration fees		762,817	386,101
Readmission fees		203,592	115,360
Renewal fees		11,352,036	10,155,949
Pre-registration fees		1,231,632	956,835
<b>Total fee income</b>	<b>1</b>	<b>13,550,077</b>	<b>11,614,245</b>
Other Income		(1,008)	10,594
<b>Total operating income</b>		<b>13,549,069</b>	<b>11,624,839</b>
Payroll costs	3	4,721,405	4,084,632
Staff travelling and subsistence		225,361	130,191
Council and committee expenses		385,780	355,440
Property services		353,095	350,716
Facilities management		1,005,405	1,129,638
Information technology		794,416	675,646
Partners (assessors and other professionals)		1,587,927	1,106,900
Legal expenses		2,519,697	2,268,930
Communications		504,988	579,092
Project costs		294,147	170,356
Other expenses		533,459	725,973
<b>Total operating expenditure</b>	<b>4</b>	<b>12,925,680</b>	<b>11,577,514</b>
<b>Surplus for the year after operational costs</b>		<b>623,389</b>	<b>47,325</b>
Investment income	2	208,512	237,299
(Loss) / Profit on disposal of investments		(14,865)	8,870
Unrealised losses on investments	9	(349,051)	(187,108)
Impairment of freehold land and buildings		(848,895)	(1,039,519)
Notional credit	5	(64,844)	(101,737)
<b>Deficit after notional credit and investment income</b>		<b>(445,754)</b>	<b>(1,034,870)</b>
Reversal of notional credit	5	64,844	101,737
<b>Deficit on ordinary activity before taxation</b>	<b>6</b>	<b>(380,910)</b>	<b>(933,133)</b>
Taxation	7	5,889	(43,139)
<b>Retained deficit for the year</b>		<b>(375,021)</b>	<b>(976,272)</b>

The operating deficit for the year arises from the council's continuing operations. The notes on pages 37 to 50 form part of these financial statements.

**Consolidated statement of total recognised gains and losses for the year ended 31 March 2009**

	2009 £	2008 £
<b>Deficit for the year</b>	(375,021)	(976,272)
Impairment on revaluation of freehold land and buildings	(207,800)	(230,443)
Grant income	74,307	48,648
<b>Total recognised deficit for the year</b>	<u>(508,514)</u>	<u>(1,158,067)</u>

**Note of historical cost surpluses and deficits**

	2009 £	2008 £
<b>Deficit on ordinary activities before taxation</b>	(380,910)	(933,133)
Difference between historic costs depreciation charge and the depreciation charge calculated on the revalued amount	(9,015)	(11,798)
<b>Historic cost deficit on ordinary activities before taxation</b>	<u>(389,925)</u>	<u>(944,931)</u>
<b>Historic cost deficit on ordinary activities after taxation</b>	<u>(384,036)</u>	<u>(988,070)</u>

The notes on pages 37 to 50 form part of these financial statements.

## Consolidated balance sheet as at 31 March 2009

	Notes	2009 ,£	2008 £
<b>Fixed assets</b>			
Tangible assets	8	3,594,236	3,756,215
<b>Investments</b>			
Financial investments	9	1,347,418	1,528,047
		<u>4,941,654</u>	<u>5,284,262</u>
<b>Current assets</b>			
Debtors	11	354,207	213,204
Cash at bank and in hand	21	5,341,865	4,899,109
		<u>5,696,072</u>	<u>5,112,313</u>
Creditors: amounts falling due within one year	12	(2,615,425)	(2,102,639)
Deferred income	13	(7,106,069)	(6,869,190)
		<u>(4,025,422)</u>	<u>(3,859,516)</u>
<b>Net current liabilities</b>			
		<u>(4,025,422)</u>	<u>(3,859,516)</u>
<b>Total assets less current liabilities</b>			
		<u>916,232</u>	<u>1,424,746</u>
<b>Represented by:</b>			
Accumulated funds			
Revaluation reserves	14	213,946	421,746
General funds	14	702,286	1,003,000
		<u>916,232</u>	<u>1,424,746</u>

The notes on pages 37 to 50 form part of these financial statements.

Approved and authorised for issue on behalf of the Council on 6 July 2009 and signed on its behalf:

**Anna van der Gaag**  
President

**Marc Seale**  
Chief Executive and Registrar  
Accounting Officer

Signature

Signature

Date:

Date:

## Council balance sheet as at 31 March 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	8	2,692,383	2,636,215
<b>Investments</b>			
Investments in subsidiary	10	750,000	750,000
Financial investments	9	1,347,418	1,528,047
		<u>4,789,801</u>	<u>4,914,262</u>
<b>Current assets</b>			
Debtors	11	2,198,727	1,395,883
Cash at bank and in hand	21	5,341,865	4,899,109
		<u>7,540,592</u>	<u>6,294,992</u>
Creditors: Amounts falling due within one year	12	(2,298,384)	(1,810,865)
Deferred income	13	(7,106,069)	(6,869,190)
		<u>(1,863,861)</u>	<u>(2,385,063)</u>
<b>Net current liabilities</b>			
		<u>(1,863,861)</u>	<u>(2,385,063)</u>
<b>Total assets less current liabilities</b>			
		<u>2,925,940</u>	<u>2,529,199</u>
<b>Represented by:</b>			
Accumulated funds			
Revaluation reserves	14	213,946	421,746
General funds	14	2,711,994	2,107,453
		<u>2,925,940</u>	<u>2,529,199</u>

The notes on pages 37 to 50 form part of these financial statements.

Approved and authorised for issue on behalf of the Council on 6 July 2009 and signed on its behalf:

**Anna van der Gaag**  
President

**Marc Seale**  
Chief Executive and Registrar  
Accounting Officer

Signature

Signature

Date:

Date:

## Consolidated cash flow statement for the year ended 31 March 2009

	Notes	2009 £	2008 £
<b>Net cash inflow from operating activities</b>	19	<u>1,582,897</u>	<u>2,003,234</u>
<b>Returns on investment and servicing of finance</b>			
Bank deposit interest income	2	137,729	165,980
Income from other investments	2	<u>70,783</u>	<u>71,319</u>
		<u>208,512</u>	<u>237,299</u>
<b>Taxation</b>		<u>(12,719)</u>	<u>(36,867)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	8	(1,241,819)	(1,535,842)
Purchase of investments	9	(498,165)	(220,182)
Sale of investments	9	<u>329,743</u>	<u>353,295</u>
		<u>(1,410,241)</u>	<u>(1,402,729)</u>
<b>Net cash inflow before financing</b>		<u>368,449</u>	<u>800,937</u>
<b>Financing</b>			
Grant income from the Department of Health		74,307	48,648
		<u>74,307</u>	<u>48,648</u>
<b>Increase in cash</b>	20 & 21	<u>442,756</u>	<u>849,585</u>

The notes on pages 37 to 50 form part of these financial statements.

## Accounting policies

### Basis of preparation

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs and in accordance with applicable accounting standards.

### Consolidation

The Subsidiary has been consolidated using the acquisition method. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. All financial statements are made up to 31 March 2009.

### Value added tax

The Council is not registered for Value Added Tax (VAT). All VAT borne by the Council on expenditure incurred is treated as part of the cost of the goods or services supplied. The subsidiary company, 22/26 Stannary Street Ltd deregistered for VAT in October 2008 and is now not registered for VAT purposes.

### Tangible assets

Individual assets costing £1,000 or more are capitalised and subsequently depreciated. Items costing less than £1,000, other than PCs and laptops are written off to the income and expenditure account in the year of acquisition.

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

Freehold buildings	2% per annum (over 50 years)
Office furniture and equipment	25% per annum (over 4 years)
Computer equipment	25% per annum (over 4 years)
Registration system software	33 1/3 % per annum (over 3 years)

Freehold properties are revalued in accordance with FRS 15 with a full valuation carried out by professionally qualified Chartered Surveyors on an existing use/open market value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The valuation is done annually. Property capital costs incurred between valuations are capitalised at cost.

### Assets under construction

Expenditure relating to the construction of additional office space in the 22–26 Stannary Street building have been capitalised and have not been depreciated. An additional floor is being built on the current building and depreciation will be provided for once the construction is complete and the office space is in use. The additional floor comprises phase two of the building project work referred to in the financial review section.

### Grant income

Grants and grants-in-aid received are accounted for as financing contributions and credited directly to reserves.

### **Fee income**

Fee income (comprising registration fees, readmission fees, renewal fees and pre-registration fees) is recognised on an accruals basis, according to the period to which it relates. To elaborate, scrutiny, registration and readmission fees are charged and collected upon application for registration. Renewal fees are collected in advance and are recognised as deferred income in the balance sheet until they become period income. The renewal cycle for each profession covers two years and registrants are charged on the anniversary of the renewal cycle for their profession. Registrants have a choice of whether to pay for two years upfront or on a six-monthly basis.

### **Investments**

There are two classes of investments: property investments and financial investments (funds under professional funds management eg equities and bonds). Financial investments are listed on a recognised stock exchange and are included on the balance sheet at market value. Surplus funds in the current account are transferred to the business reserve account at the end of each day and either invested in a special interest-bearing account or the money market.

### **Corporation and deferred taxation**

Corporation tax is incurred on interest income earned. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements. These differences arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

### **Pensions**

Contributions to the Friends Provident and Capita FlexiPlan defined contribution pension schemes are charged to the income and expenditure accounts in the year in which they become payable. The assets of both schemes are held separately from those of the Council in independently administered funds.

### **Notional credit**

In accordance with HM Treasury guidance, a notional charge for the cost of capital employed in the period is included in the Income and Expenditure Account along with an equivalent reversing notional income to finance the charge. The charge for the period is calculated using HM Treasury's discount rate of 3.5 per cent applied to the average value of capital employed during the period. Because of the significance of deferred income in contributing to the value of capital employed, the charge is shown as a notional credit.

### **Financial Instruments**

Financial instruments are classified in accordance with the substance of the contractual arrangement and with the definitions of financial assets and financial liabilities and equity instrument under FRS 25. Financial instruments are valued at fair value. If future cash flows are discounted to measure fair value, the discount rate is the higher of the rate intrinsic to the financial instrument and the real discount rate set by H.M. Treasury as applied to the flows expressed in current prices.

## Notes to the financial statements for the year ended 31 March 2009

<b>1 Fee income (by profession)</b>	2009	2008
	£	£
Arts therapists	134,998	94,415
Biomedical scientists	1,661,100	1,460,343
Chiroprodists / podiatrists	887,511	773,850
Clinical scientists	320,473	282,503
Dieticians	429,201	486,170
Occupational therapists	2,230,139	1,912,792
Operating department practitioners	618,973	513,535
Orthoptists	102,089	93,920
Paramedics	1,024,029	847,268
Physiotherapists	3,300,962	2,692,761
Prosthetists / orthotists	64,819	56,090
Radiographers	1,885,001	1,624,684
Speech and language therapists	890,782	775,914
	<u>13,550,077</u>	<u>11,614,245</u>
<b>2 Investment income</b>	2009	2008
	£	£
Bank deposit interest	137,729	165,980
Investment deposit interest	4,331	6,957
Fixed interest securities	13,344	7,719
Quoted equities	53,108	56,643
	<u>208,512</u>	<u>237,299</u>
<b>3 Payroll costs</b>	2009	2008
	£	£
Wages and salaries	3,557,174	2,818,846
Social security costs	375,347	298,372
Pension costs	326,984	281,221
Other payroll expense including recruitment and temporary staff	461,900	686,193
	<u>4,721,405</u>	<u>4,084,632</u>

The average number of full time equivalent (FTE) permanent employees, fixed-term contractors (non-agency staff) and temporary/agency contractors during the year was as follows:

<b>Department FTEs</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>Temporary / agency contractors</b>	<b>Temporary / agency contractors</b>	<b>Permanent and fixed-term contractors</b>	<b>Permanent and fixed-term contractors</b>
Chief Executive's Office	0.1	-	2	2
Education	0.4	0.3	10	8
Communications	0.7	0.1	9	7
Facilities Management	0.2	0.2	6	6
Finance	0.9	1.0	7	6
Fitness to Practise	1.3	1.0	25	17
Human Resources (including Partners)	0.2	0.6	5	4
Information Technology	0	0.1	5	6
Operations	0	0.8	7	4
Policy and Standards	0.1	-	4	4
Registration	0.8	5.9	32	27
Secretariat	0.2	0.3	4	4
<b>Total</b>	<b>4.9</b>	<b>10.3</b>	<b>116</b>	<b>95</b>

<b>4 Operating expenditure</b>	<b>Staff costs</b>	<b>Other costs</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Office of the President	-	50,952	50,952	39,344
Chief Executive's Office	233,811	52,069	285,880	280,526
Council and Committees	-	351,729	351,729	448,737
Education	366,522	170,696	537,218	474,401
Communications	383,653	596,483	980,136	886,079
Facilities Management	197,566	743,050	940,616	897,301
Finance	347,300	278,119	625,419	530,240
Fitness to Practise	890,107	3,766,383	4,656,490	3,759,735
Human Resources (including Partners)	409,941	314,288	724,229	613,196
Information Technology	267,865	820,864	1,088,729	1,000,260
Operations	354,205	72,759	426,964	306,405
Policy and Standards	177,460	100,185	277,645	252,286
Registration	934,613	616,805	1,551,418	1,695,336
Secretariat	158,362	57,573	215,935	261,564
Major Projects	-	212,320	212,320	132,104
<b>TOTAL</b>	<b>4,721,405</b>	<b>8,204,275</b>	<b>12,925,680</b>	<b>11,577,514</b>

'Operations' expenditure includes quality-management costs, project-management and monitoring costs.

'Major Projects' expenditure includes expenses for the online-renewals project, the fee-rise project, the equality and diversity project, registration of practitioner psychologists, registration of hearing aid dispensers, the financial-systems-upgrade project and the purchase-requisition-system project.

<b>5 Notional credit</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Cost of capital	<u>64,844</u>	<u>101,737</u>
Notional cost of capital is calculated as 3.5 per cent (2008: 3.5%) of the average capital employed by the Council in the year.		
<b>6 Operating deficit</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation	346,581	223,455
Loss on disposal of fixed asset	481	157
Auditors' remuneration :		
• External audit – Baker Tilly UK Audit LLP	51,821	37,500
• External audit – National Audit Office	5,700	9,000
• Internal audit – PKF (UK) LLP	27,004	36,786
Tax Advice - Baker Tilly Tax and Accounting Ltd	16,318	14,145
Pension administrator costs	15,049	18,557
	<u>                    </u>	<u>                    </u>

<b>7 Taxation</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax on profits of the year	24,530	43,139
Adjustment in respect of prior years	<u>(30,419)</u>	<u>-</u>
Total current tax (credit)/charge	<u>(5,889)</u>	<u>43,139</u>
Deferred taxation:		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(5,889)</u>	<u>43,139</u>
Factors affecting tax (credit)/charge for year:		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:		
Deficit on ordinary activities before tax	<u>(380,910)</u>	<u>(933,133)</u>
Deficit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008: 30%)	(106,655)	(279,940)
Effect of:		
Non-taxable income	(3,806,330)	(3,494,741)
Write off of unrealised losses on investments not taxed	97,734	56,133
Loss / (profit) on disposal of investments	4,162	(2,661)
Expenses not deductible for tax purposes	3,847,010	3,774,040
Benefits of small companies starting rate relief	(8,177)	(13,989)
Capital allowances (in excess of) / less than depreciation	(3,214)	3,150
Adjustment in respect of prior years	(30,419)	-
Tax losses carried forward	-	1,147
Current tax (credit)/charge for the period	<u>(5,889)</u>	<u>43,139</u>

There is a potential capital gains tax asset within the Health Professions Council's subsidiary, 22–26 Stannary Street Limited if company assets are sold in the future and the losses can be used against a future capital gain. The amount of the asset is contingent on the cost base for tax purposes exceeding the sale price. Assuming a sale price of £785,000, the contingent tax asset would be in the region of £410,000 (2008, contingent liability of £145,000). No sale is anticipated in the foreseeable future and no contingent tax asset has been recognised in the accounts.

## 8 Tangible fixed assets

Group	Freehold properties £	Assets under construction £	Office furniture and equipment £	Computer equipment £	Registration system £	Total £
Cost or valuation :						
At 1 April 2008	3,090,000	-	387,804	631,970	2,026,370	6,136,144
Additions	539,690	116,853	18,544	83,244	483,488	1,241,819
Disposals	-	-	(36,502)	(12,220)	-	(48,722)
Revaluation	(1,109,690)	-	-	-	-	(1,109,690)
31 March 2009	2,520,000	116,853	369,846	702,994	2,509,858	6,219,551
Depreciation :						
At 1 April 2008	-	-	347,835	459,060	1,573,034	2,379,929
Charge for the year	52,994	-	24,844	68,252	200,491	346,581
Disposals	-	-	(36,502)	(11,699)	-	(48,201)
Reversal on revaluation	(52,994)	-	-	-	-	(52,994)
31 March 2009	-	-	336,177	515,613	1,773,525	2,625,315
Net book value :						
At 31 March 2009	2,520,000	116,853	33,669	187,381	736,333	3,594,236
At 31 March 2008	3,090,000	-	39,969	172,910	453,336	3,756,215

The valuations of freehold land and buildings were made on 12 March 2009 by Stiles Harold Williams, Chartered Surveyors, on an open-market-value basis, in accordance with the Statement of Asset Valuation Practice No 4 and the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 6<sup>th</sup> Edition.

Park House, comprising the land and buildings of 184 Kennington Park Road, London SE11 4BU and the adjoining land and buildings of 20 Stannary Street and 22–26 Stannary Street was valued at £2,520,000. The historic cost of the Park House property was £1,659,254 (2008, £1,659,254) and accumulated depreciation based on cost was £411,633 (2008, £378,448).

Stiles Harold Williams did not believe that there was a material difference between Existing Use Value and the Market Value of the property.

8 Tangible fixed assets (continued)	Freehold properties £	Office furniture and equipment £	Computer equipment £	Registration system £	Total £
<b>Council</b>					
Cost or valuation :					
At 1 April 2008	1,970,000	387,804	631,970	2,026,369	5,016,143
Additions	-	18,544	83,244	483,488	585,276
Disposals	-	(36,502)	(12,220)	-	(48,722)
Revaluation	(235,000)	-	-	-	(235,000)
31 March 2009	1,735,000	369,846	702,994	2,509,857	5,317,697
Depreciation :					
At 1 April 2008	-	347,835	459,060	1,573,033	2,379,928
Charge for the year	27,200	24,844	68,252	200,491	320,787
Disposals	-	(36,502)	(11,699)	-	(48,201)
Revaluation	(27,200)	-	-	-	(27,200)
31 March 2009	-	336,177	515,613	1,773,524	2,625,314
Net book value:					
At 31 March 2009	1,735,000	33,669	187,381	736,333	2,692,383
At 31 March 2008	1,970,000	39,969	172,910	453,336	2,636,215

### Freehold properties

The valuations of freehold land and buildings were made on 12 March 2009 by Stiles Harold Williams, Chartered Surveyors, on an open-market -value basis, in accordance with the Statement of Asset Valuation Practice No 4 and the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 6<sup>th</sup> Edition.

Park House, comprising the land and buildings of 184 Kennington Park Road, London SE11 4BU and the adjoining land and buildings of 20 Stannary Street was valued at £1,735,000. The historic cost of the Park House property was £1,659,254 (2008, £1,659,254) and accumulated depreciation based on cost was £411,633 (2008, £378,448).

Stiles Harold Williams did not believe that there was a material difference between Existing Use Value and the Market Value of the property.

### Computer equipment

Computer equipment additions included new laptops and upgrading switches.

### Computer software

Major project capital spending occurred for; the online renewals project, fitness to practise registrations system statuses rationalisation project, finance system upgrade, purchase requisition system project, Netregulate access rights project, equality and diversity project, fee-rise project and the registration of practitioner psychologists.

<b>9 Listed investments</b>	2009	2008
	£	£
<b>Group and council</b>		
Listed investments as at 1 April 2008	1,528,047	1,848,268
Additions	498,165	220,182
Disposals	<u>(329,743)</u>	<u>(353,295)</u>
	1,696,469	1,715,155
Unrealised losses on investments	<u>(349,051)</u>	<u>(187,108)</u>
At 31 March 2009	<u>1,347,418</u>	<u>1,528,047</u>
Historical cost value at 31 March 2009	1,721,865	1,734,392

All listed investments are managed on a pooled basis in a nominee account by Rensburg Sheppards, professional funds managers on behalf of the Council. Within the portfolio, UK and offshore investments are listed on the London Stock Exchange.

No investments are held which account for more than 5 per cent of the investment portfolio (2008, nil)

<b>10 Investments In subsidiary</b>	2009
	£
<b>Council</b>	
Cost	
At 1 April 2008 and 31 March 2009	<u>1,043,279</u>
Asset impairment	
At 1 April 2008 and 31 March 2009	<u>293,279</u>
Net book value	
At 1 April 2008 and 31 March 2009	<u>750,000</u>

11 Debtors	GROUP		COUNCIL	
	2009 £	2008 £	2009 £	2008 £
Other debtors	51,847	27,662	51,847	27,662
VAT	-	53,235	-	-
Prepayments	302,360	132,307	302,360	132,307
Amounts due from subsidiary undertakings	-	-	1,844,520	1,235,914
	<u>354,207</u>	<u>213,204</u>	<u>2,198,727</u>	<u>1,395,883</u>

12 Creditors: amounts falling due within one year	Group		Council	
	2009 £	2008 £	2009 £	2008 £
Corporation tax	24,530	43,139	24,530	43,139
Other taxation and social security	111,952	108,843	111,952	108,843
Other creditors	975,915	708,139	975,915	518,504
Accruals	1,503,028	1,242,518	1,185,987	1,140,379
	<u>2,615,425</u>	<u>2,102,639</u>	<u>2,298,384</u>	<u>1,810,865</u>

13 Deferred income	Group		Council	
	2009 £	2008 £	2009 £	2008 £
Registration fees in advance	262,884	175,734	262,884	175,734
Renewal fees in advance	6,843,185	6,693,456	6,843,185	6,693,456
	<u>7,106,069</u>	<u>6,869,190</u>	<u>7,106,069</u>	<u>6,869,190</u>

#### 14 Accumulated funds

Following instruction from the Privy Council, the Health Professions Council is required to report as if it was a Non Departmental Public Body (NDPB). The Government Financial Reporting Manual (FRm) requires non-departmental public bodies to account for grants and grants in aid received for revenue purposes as financing, since they are regarded as contributions from a controlling party which give rise to a financial interest in the residual interest of NDPBs.

During the financial year, the Health Professions Council received funding of £74,307 from the Department of Health towards the set up of statutory regulation of Practitioner Psychologists (£48,648 in 2008). The financial impact is to increase the income & expenditure reserve value and increase the bank account by the same amount.

<b>Group</b>	<b>At 31 March 2009</b>	<b>At 31 March 2008</b>
Deficit for the year	(375,021)	(976,272)
Unrealised surplus on revaluation of freehold land and buildings	(207,800)	(230,443)
Grant income	74,307	48,648
Total recognised deficits for year	<u>(508,514)</u>	<u>(1,158,067)</u>
General reserve	702,286	1,003,000
Revaluation reserve	213,946	421,746
Total reserves	<u>916,232</u>	<u>1,424,746</u>
<b>Council</b>		
Surplus for the year	530,234	120,741
Impairment of land and buildings	(207,800)	(217,000)
Grant income	74,307	48,648
Total recognised surpluses / (deficits) for year	<u>396,741</u>	<u>(47,611)</u>
General reserve	2,711,994	2,107,453
Revaluation reserve	213,946	421,746
Total reserves	<u>2,925,940</u>	<u>2,529,199</u>

## 15 Pension funding arrangements

### The CPSM Scheme

This final salary scheme was closed in June 1995 and has no active members. On 28 March 2002, all members of the CPSM Scheme were served with a statutory notice of closure. At March 2009, the scheme had 9 (2008, 10) deferred members (members whose benefits are not yet in payment) and 8 (2008, 12) members with pensions in payment. The benefits are secured by insurance policies issued by The Scottish Life Assurance Society ("Scottish Life").

Winding-up the scheme is reliant on Scottish Life securing pensions which increase in-line with the requirements of the scheme rules. The rules provide for a minimum pension increase of 3 per cent per annum. In addition, in relation to service after 1997, if increases in the Retail Prices Index (RPI) exceed 3 per cent, then increases must be provided at the rate of increase in RPI, subject to a cap of 5 per cent.

The last actuarial valuation was provided on 23 April 2001. The latest non-actuarial valuation (solvency quotation) by Scottish Life in February 2008 indicated that the assets of the fund were sufficient to meet the future requirements of the scheme. In 2007, the Health Professions Council appointed a firm of pension lawyers to work with the trustees to resolve the outstanding issues pertinent to winding-up the scheme, including how any new surplus would be distributed.

### **The Capita Federated FlexiPlan Scheme**

This scheme is a defined benefit, occupational pension scheme. Its target was to provide final salary benefits at retirement, but Capita notified the Health Professions Council in January 2007 that with effect from 10 July 2006, the provision of target benefits was withdrawn due to difficulties in the funding position of the scheme. The scheme is now a money purchase arrangement with guaranteed rates of interest of 2 per cent per annum for contributions received after 31 March 2003 and 4 per cent for contributions received before that date. At retirement, a member's pension will be the annuity that can be purchased on the open market by the member's Capital Account.

The Federated FlexiPlan scheme is a multi-employer scheme comprising at least 70 active employers at 31 March 2009. Entrust Pension Recovery Ltd ("Entrust") was appointed as the corporate trustee in May 2007 and KPMG appointed as the scheme administrators and actuaries to the trustees in July 2008. The scheme is covered by the Pension Protection Fund (PPF) for which a levy is payable. The Health Professions Council was advised by Entrust in April 2008 that the employer's share of this levy was nil. At 31 March 2009, there were no active contributing members remaining in the Capita scheme. Employer contributions of £60 per month were being made in order to retain an employer presence in the scheme until it is wound-up.

The most recent actuarial valuation of the scheme had an effective date of March 2005 and indicated that the value of the scheme's assets were greater than the value of the scheme's liabilities. To date, no consistent and reasonable basis for splitting the assets and liabilities of the plan across the more than 350 employers who have historically participated in the scheme has been identified and therefore the Health Professions Council is exempt from the full requirements of FRS17. The scheme is therefore treated on a defined contribution accounting basis in these financial statements. However, should a future net deficit be identified upon scheme valuation (scheme liabilities greater than scheme assets), the Health Professions Council is likely to bear its share of funding this deficit on a basis yet to be determined.

### **The Friends Provident Scheme**

This is a designated stakeholder, defined contribution scheme open to Health Professions Council employees from May 2008. At 31 March 2009, there were 53 active members (employees) in the pension scheme.

## 16 22–26 Stannary Street Limited

The summary financial results for the period to 31 March 2009 for the subsidiary company 22–26 Stannary Street Limited are as follows:

<b>Profit and loss account</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Turnover	68,754	22,575
Operating expenses	(125,113)	(79,396)
Operating loss	<u>(56,359)</u>	<u>(56,821)</u>
Impairment on freehold land and buildings	(848,896)	(436,994)
Operating loss before taxation	<u>(905,255)</u>	<u>(493,815)</u>
Taxation	-	-
Loss for the year	<u><u>(905,255)</u></u>	<u><u>(493,815)</u></u>
<b>Balance sheet</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Tangible fixed assets	901,853	1,120,000
Current assets	-	53,235
Current liabilities	(2,161,561)	(1,527,688)
Total assets less current liabilities	<u>(1,259,708)</u>	<u>(354,453)</u>
Represented by:		
Called up share capital	9,251	9,251
Share premium account	9,000	9,000
Capital redemption reserve	3,500	3,500
Profit and loss account	(1,281,459)	(376,204)
Shareholders' funds	<u><u>(1,259,708)</u></u>	<u><u>(354,453)</u></u>

## 17 Related-party transactions

The Council's sponsoring department is the Privy Council, with whom no transactions took place. The main entity with which the Health Professions Council has dealt with during the year was the Department of Health. A grant was received from the Department of Health in June 2008, totaling £74,307 (2008: £48,648) towards the set-up costs of regulating practitioner psychologists. See also Note 14.

There were various transactions with Council members and Non-Council Committee Members during the year. Council members and Non-Council Committee Members receive an attendance allowance when they attend Council or Committee meetings. Such allowances, totaling £244,725 (2007–08, £227,202), were accrued and paid to 41 members, including 5 Non-Council Committee Members (40 members in 2007–08).

Transactions with subsidiary companies which are greater than 90 per cent owned by the Health Professions Council are not disclosed, as consolidated financial statements of the Health Professions Council are publicly available.

## 18 Post-balance-sheet events

The financial statements are authorised to be issued from the date it is intended to send the certified financial statements to the Privy Council. For the Health Professions Council, this date is 6 July 2009. There are no other items to note.

## 19 Reconciliation of surplus of expenditure over income to net cash flow from operating activities

	2009 £	2008 £
Surplus of expenditure over income	623,389	47,325
Depreciation of tangible fixed assets	346,581	223,455
Gain / (loss) on disposal of investment	(14,865)	8,870
Gain on disposal of fixed asset	521	157
Decrease / (increase) in debtors	(141,003)	26,949
Increase in creditors	531,395	255,895
Increase / (decrease) in deferred income	236,879	1,440,583
Net cash inflow from operating activities	<u>1,582,897</u>	<u>2,003,234</u>

<b>20 Reconciliation of net cash flow to movement in net funds</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Increase in cash in the year	442,756	849,585
Movement in net funds in the year	442,756	849,585
Opening net funds	4,899,109	4,049,524
Closing net funds	<u>5,341,865</u>	<u>4,899,109</u>

<b>21 Analysis of funds</b>	Opening balance	Cash Flow	Closing Balance
	£	£	£
Cash at bank and on deposit	<u>4,899,109</u>	<u>442,756</u>	<u>5,341,865</u>

## **22 Financial instruments**

The details of the various categories of financial assets are outlined in Note 9 Listed Investments, Note 11 Debtors and Note 21 Analysis of funds. The details of the various categories of financial liabilities are outlined in Note 12 Creditors: amounts falling due within one year.

Exposure to credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, is not considered to be significant. The HPC does not use financial instruments that increase its own credit risk profile and has no external debt exposure. It uses a variety of risk mitigations including credit rating assessments to assess credit risk of counter parties including suppliers and financial institutions.

The age of all debtors are current and there are no amounts past due but not impaired.. The main element of other debtors relate to employee season ticket loans. There are no impaired financial assets.

Regarding the age and value of financial liabilities, 97% by value of creditor invoices were paid within 30 days with no interest was paid during the year under the Late Payment of Commercial Debts (Interest) Act 1998.

## 23 Currency and liquidity risk

The Council currently has no borrowings and relies primarily on fees for its cash requirements and is therefore not exposed to liquidity risk. All material assets and liabilities are denominated in sterling, so it is not exposed to currency risk.

The HPC adhered to its Reserves policy at all times during the year. Due to renewal cycles and payment methods of the registrant fees the Health Professional Council maintains a significant amounts of cash holding on short term money market accounts and investment holdings to cover the expenditure expected to be incurred over the payment period..

## 24 Interest rate risk

Registrants pay fees in advance for up to two years. Surplus funds are held as follows to maximise returns:

**Business reserve** – all unused funds are transferred from the Council's current account to a business reserve account each night to maximise interest earned.

**Money market** – surplus funds are held in a combination of short-term money-market and special interest-bearing accounts. Competitive rates are sought on money-market investments and the special interest-bearing account earns a preferential interest rate compared to the instant access interest rate.

**Investment fund** – at 31 March 2009 fixed interest investments accounted for 20.74 per cent (2008, 18.87%) of the fund and generate a yield of 6.91 per cent (2008: 13.71%). The remainder of the fund is invested in a diversified portfolio of equities and bonds where there is always a risk of diminution in value.

The Finance and Resources Committee are routinely provided with information outlining the prevailing interest rates for money-market and special interest-bearing account investments. The interest rate risk is not considered to be significant in terms of the Health Professions Council relying on interest income to a sizeable extent to funds its operations.

**22–26 Stannary Street Limited**

**Subsidiary company of the Health Professions Council  
(company registration number 756409)**

**Financial statements for the year ended 31 March 2009**

**DRAFT**

## **Directors and officers**

### **Directors**

M. Seale  
R. Clegg  
A. van der Gaag

### **Secretary**

N. O'Sullivan (resigned 11 November 2008)  
L. Hart (appointed 13 May 2009)

### **Company number**

756409 (England and Wales)

### **Registered office**

Park House  
184 Kennington Park Road  
London SE11 4BU

### **Auditor**

Baker Tilly UK Audit LLP  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

### **Solicitors**

Bircham Dyson Bell  
50 Broadway  
London SW1H 0BL

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## **Directors' report**

The directors submit their report and the financial statements of 22–26 Stannary Street Limited for the year ended 31 March 2009.

### **Principal activities**

22–26 Stannary Street Limited is a property company located at 22–26 Stannary Street. It was purchased to provide office space for the Health Professions Council, the parent and ultimate parent organisation of the property company. The Health Professions Council is located in adjoining premises at 184 Kennington Park Road and 20 Stannary Street, Kennington, London SE11 4BU.

### **Annual financial results**

The loss for the year after taxation was £905,255, (2008 loss, £493,815). This includes impairment for the freehold land and buildings of £848,896 due to a revaluation done at the year end.

### **Review of the business and future developments**

Current activities of the company are to provide office accommodation and meeting rooms for Health-Professions-Council employees including the Registration Department. The premises are also used for fitness to practise hearings, and Council and Committee meetings.

### **Directors**

The following directors have held office since 1 April 2008:

M. Seale  
R. Clegg  
A. van der Gaag

### **Statement as to disclosure of information to the auditors**

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### **Directors' responsibilities in the preparation of financial statements**

The directors are responsible for preparing the annual report and 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgments and estimates that are reasonable and prudent; and

- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act. 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.

**Auditor**

At the meeting of the Board of Directors held at Park House on 24 November 2005, a resolution was accepted to dispense with the obligation to appoint auditors annually. At the same meeting further resolutions were accepted to dispense with the holding of Annual General Meetings and dispense with the laying of accounts and reports before the Company in general meeting.

By order of the Board

**Marc Seale**  
Director

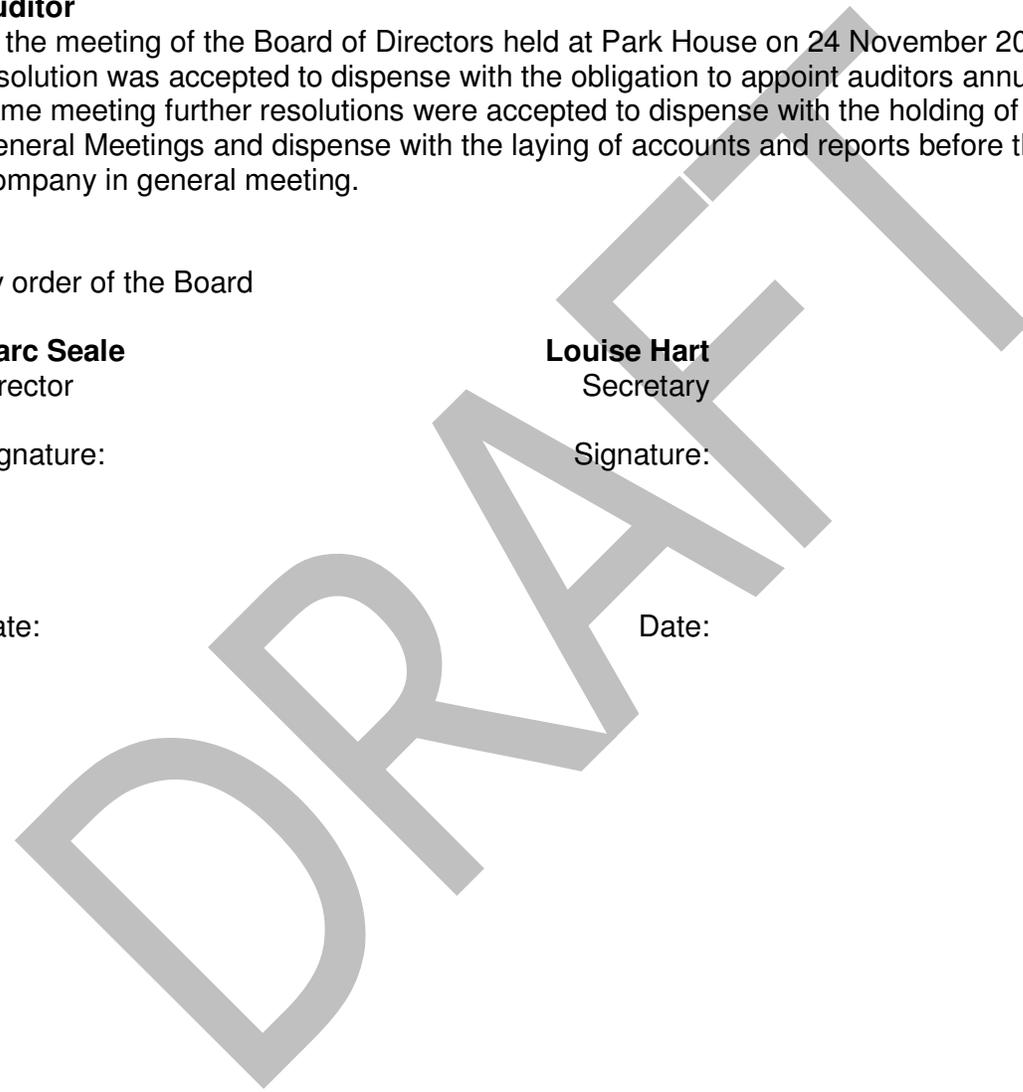
**Louise Hart**  
Secretary

Signature:

Signature:

Date:

Date:



## **Report of the independent auditor**

We have audited the financial statements on pages 57 to 65.

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 directors and auditors**

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 whether the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company 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 directors' remuneration and other transactions is not disclosed.

### **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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the 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.

**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 company's affairs at 31 March 2009 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Baker Tilly UK Audit LLP  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

Signature:

Date:

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## Profit and loss account for the year ended 31 March 2009

	Note	Year to 31 March 2009 £	Year to 31 March 2008 £
Turnover	2	68,754	22,575
Cost of sales		-	-
Gross profit		<u>68,754</u>	<u>22,575</u>
Other operating expenses		(125,113)	(79,396)
operating loss		<u>(56,359)</u>	<u>(56,821)</u>
Impairment of Freehold land and buildings		(848,896)	(436,994)
Loss on ordinary activities before taxation	3	<u>(905,255)</u>	<u>(493,815)</u>
Taxation	4	-	-
Loss for the year	9	<u><u>(905,255)</u></u>	<u><u>(493,815)</u></u>

The operating loss for the year before taxation arose from the company's continuing operations.

**Statement of total recognised gains and losses**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(905,255)	(493,815)
Impairment on revaluation of freehold land and buildings	-	(615,969)
Total losses recognised since last annual report	<u>(905,255)</u>	<u>(1,109,784)</u>

**Note of historical cost profits and losses for the period ended 31 March 2009**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation	(905,255)	(493,815)
Difference between an historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	(22,811)	(7,517)
Historical cost loss on ordinary activities before taxation	<u>(928,066)</u>	<u>(501,332)</u>
Historical cost loss for the year retained after taxation and dividends	<u>(928,066)</u>	<u>(501,332)</u>

**Balance sheet as at 31 March 2009**

	Note	2009 £	2008 £
Fixed assets			
Tangible fixed assets	5	901,853	1,120,000
		<u>          </u>	<u>          </u>
Current assets			
Debtors	6	-	53,235
		<u>          </u>	<u>          </u>
		-	53,235
Creditors: Amounts falling due within one year	7	(2,161,561)	(1,527,688)
Net current liabilities		<u>(2,161,561)</u>	<u>(1,474,453)</u>
Total assets less current liabilities		<u>(1,259,708)</u>	<u>(354,453)</u>
Capital and reserves			
Called up share capital	8	9,251	9,251
Share premium account	9	9,000	9,000
Revaluation reserve	9	-	-
Capital redemption reserve	9	3,500	3,500
Profit and loss account	9	(1,281,459)	(376,204)
Shareholders' funds	10	<u>(1,259,708)</u>	<u>(354,453)</u>

The financial statements on pages 60 to 65 to be approved by the board of directors and authorised for issue on X July 2009 are signed on its behalf by:

**Robert Clegg**  
Director

**Marc Seale**  
Director

Signature:

Signature:

Date:

Date:

## Notes to the financial statements for the year ended 31 March 2009

### 1 Accounting policies

#### Basis of preparation

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash-flow statement on the grounds that it is a small company.

#### Going concern

The company has made a significant loss in the year and the company's current liabilities exceed its total assets by £1,259,708 at 31 March 2009. The company has a significant reliance on its parent entity, the Health Professions Council, and at 31 March 2009 £2,120,308 was owed to them. To continue as a going concern the company requires the continuing support of the Health Professions Council.

The directors of the Company have reviewed the operations and cash-flow forecasts for the next twelve months. With reference to the five-year plan and annual budget, the Health Professions Council has indicated its willingness to provide such funds as are necessary to enable the Company to continue its activities for a period of at least twelve months from the signing of these accounts and enable the Company to pay its debts as they fall due. No material uncertainties leading to significant doubt about going concern have been identified by the directors. The directors therefore find it appropriate to prepare the financial statements on a going concern basis.

#### Tangible assets

Individual assets costing £1,000 or more are capitalised and subsequently depreciated. Items costing less than £1,000 are written-off to the income and expenditure account in the year of acquisition.

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

Freehold buildings:

2% per annum (over 50 years)

Freehold properties are revalued in accordance with FRS 15 with a full valuation carried out by professionally qualified chartered surveyors on an existing-use, open-market-value basis, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The valuation is updated annually and the latest valuation was performed in March 2009. Property capital costs incurred between valuations are capitalised at cost.

### Assets under construction

Expenditure relating to the construction of additional office space in the 22–26 Stannary Street building have been capitalised and have not been depreciated. An additional floor is being built on the current building and depreciation will be provided for once the construction is complete and the office space is in use.

### Value added tax

22–26 Stannary Street Limited deregistered for VAT in October 2008 and is now not registered for VAT purposes.

### Turnover

Turnover represents the invoiced value of services provided.

## 2 Turnover and loss on ordinary activities before taxation

The company's turnover and loss before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

3	Loss on ordinary activities before taxation	2009 £	2008 £
	Loss on ordinary activities before taxation is stated after charging:		
	Depreciation	25,794	10,500
	Auditors' remuneration for audit services	5,250	5,000
	Tax Advice - Baker Tilly Tax and Accounting Limited	2,644	-
		<u>          </u>	<u>          </u>

There were no persons employed by the company during the year except for the directors (2008, nil).

No director received any emoluments in the year (2008, £nil). No advances or credits were granted by the company to its directors and no guarantees were entered into by the company on behalf of its directors.

4 Taxation	2009 £	2008 £
Current tax:	-	-
UK corporation tax on profits of the year	-	-
Adjustment to tax charge in respect of previous period	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation:	-	-
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the period: the tax assessed for the year is higher than the standard rate of corporation tax in the UK.

The differences are explained below:

Loss on ordinary activities before tax	(905,254)	(493,815)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008, 30%)	(253,471)	(148,144)
Effects of:		
Capital allowances (in excess of) / less than depreciation	(3,214)	3,150
Tax losses (utilised) / not utilised	-	1,147
Starting rate companies relief	-	-
Expenses not deductible for tax purposes	243,297	143,847
Adjustment to tax charge in respect of previous period	-	-
Income not taxable	-	-
Losses group relieved	13,388	-
Tax charge for year	<u>-</u>	<u>-</u>

The company has no trading losses (2008, £3,500) available to carry forward and be used against profits of the same trade. No deferred tax asset has been recognised as future profits are uncertain.

The company also has a potential capital gains tax asset if the company's assets are sold in the future and the losses can be used against a future capital gain. The amount of the asset is contingent on the cost-base for tax purposes exceeding the sale price. Assuming a sale price of £785,000, the contingent tax asset would be in the region of £410,000 (2008, contingent liability of £145,000). No sale is

anticipated in the foreseeable future and no contingent tax asset has been recognised in the accounts.

<b>5 Tangible fixed assets</b>	<b>Land and buildings freehold £</b>	<b>Assets under construction £</b>	<b>Total £</b>
Cost or valuation 1 April 2008	1,120,000	-	1,120,000
Additions	539,690	116,853	656,543
Revaluation	(874,690)	-	(874,690)
<b>31 March 2009</b>	<b>785,000</b>	<b>116,853</b>	<b>901,853</b>
Depreciation 1 April 2008	-	-	-
Charged in the year	25,794	-	25,794
Reversal on revaluation	(25,794)	-	(25,794)
<b>31 March 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net book value 31 March 2009	<b>785,000</b>	<b>116,853</b>	<b>901,853</b>
31 March 2008	1,120,000	-	1,120,000

The valuation of freehold land and buildings was made on 12 March 2009 by Stiles Harold Williams, Chartered Surveyors, on an open market value basis, in accordance with the Statement of Asset Valuation Practice No 4 and the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards 6<sup>th</sup> Edition. Stiles Harold Williams do not believe that there is a material difference between Existing Use value and the Market Value of the property.

**Comparable historical cost for the land and buildings included at valuation:**

	£
Cost	
Historical cost at 31 March 2008 and 31 March 2009	149,125
Depreciation based on cost	
At 1 April 2008	42,217
Charge for the period	2,983
At 31 March 2009	45,200
Net book value 31 March 2009	103,925
31 March 2008	106,908

<b>6 Debtors</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Due within one year:		
Other debtors	-	53,235
	<u>-</u>	<u>53,235</u>
	<u><u>-</u></u>	<u><u>53,235</u></u>

<b>7 Creditors: Amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Amounts owing to Health Professions Council parent organisation	1,844,520	1,235,914
Accruals and deferred income	317,041	291,774
	<u>2,161,561</u>	<u>1,527,688</u>
	<u><u>2,161,561</u></u>	<u><u>1,527,688</u></u>

<b>8 Share capital</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Authorised: 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	<u><u>10,000</u></u>	<u><u>10,000</u></u>
Allotted, issued and fully paid: 9,251 ordinary shares of £1 each	<u>9,251</u>	<u>9,251</u>
	<u><u>9,251</u></u>	<u><u>9,251</u></u>

<b>9 Statement of movement on reserves</b>	<b>Share premium account</b>	<b>Revaluation reserve</b>	<b>Other reserves</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2008	9,000	-	3,500	(376,204)
Loss for the year	-	-	-	(56,359)
Impairment	-	-	-	(848,896)
At 31 March 2009	<u>9,000</u>	<u>-</u>	<u>3,500</u>	<u>(1,281,459)</u>
	<u><u>9,000</u></u>	<u><u>-</u></u>	<u><u>3,500</u></u>	<u><u>(1,281,459)</u></u>

<b>10 Reconciliation of movement in shareholders' funds</b>	<b>2009</b> £	<b>2008</b> £
Loss for the financial year	(56,359)	(493,815)
Revaluation of land and buildings	(848,896)	(615,969)
Net decrease in shareholders' funds	<u>(905,255)</u>	<u>(1,109,784)</u>
Opening shareholders' funds	(354,453)	755,331
Closing shareholders' funds	<u>(1,259,708)</u>	<u>(354,453)</u>

**11 Related-party transactions**

The company has taken advantage of the exemption available in paragraph 3(e) of Financial Reporting Standard 8 not to disclose transactions with other group entities.

**12 Controlling parties**

The ultimate holding entity is Health Professions Council, a corporate body established under the Health Professions Order 2001. The ultimate control rests in the Council of Health Professions Council.