

General Optical Council

AUDITED REPORT AND FINANCIAL STATEMENTS

31 March 2008

General Optical Council

FINANCIAL STATEMENTS

for the year ended 31 March 2008

NAMES OF THE CHAIRMAN, MEMBERS AND REGISTRAR OF THE

GENERAL OPTICAL COUNCIL

CHAIRMAN

Appointment for a term expiring on 31 December 2008

Nominated by the Privy Council under paragraph 1(a) of Schedule 1 to the Act and the General Optical Council (Membership) Order of Council 1998

Rosie Varley OBE BA MA (Econ)

MEMBERS OF THE COUNCIL

Appointments for a term expiring on 31 December 2008

Nominated by the Privy Council under paragraph 1(a) of Schedule 1 to the Act and the General Optical Council (Membership) Order of Council 1998

Moira Black CBE MA FCA

Geoffrey Harris JP BA BSc PhD

Michael Salmon BA Med PhD

Appointments for a term expiring on 31 December 2011

Nominated by the Appointments Commission under paragraph 1(a) of Schedule 1 to the Act

Morag Alexander OBE

Ian Hamer OBE

Stuart Heatherington JP BSc MSc BA CMath CSc FIMA

David Pyle BA BSc MSc Dip.Ed (adviser on educational matters)

Sheila Wild

Appointments for a term expiring on 31 December 2007

Nominated by examining bodies and training institutions under paragraph 1(d) of Schedule 1 to the Act and the General Optical Council (Membership) Order of Council 1998

By the College of Optometrists:

Robert Chappell OBE MPhil FCOptom

Kevin Lewis BSc FCOptom Dip CLP

Appointments for a term expiring on 31 December 2012

Nominated by examining bodies and training institutions under paragraph 1(d) of Schedule 1 to the Act and the General Optical Council (Membership) Order of Council 1998

By the College of Optometrists:

Robert Hogan MCOptom PhD BSc(Hons)

Kevin Lewis BSc FCOptom Dip CLP

Appointment for a term expiring on 31 December 2011

Nominated by examining bodies and training institutions under paragraph 1(d) of Schedule 1 to the Act and the General Optical Council (Membership) Order of Council 1998

By the Association of British Dispensing Opticians:

Joan Underwood FBDO(Hons) CL(Hons) SLD

Appointment for a term expiring on 31 December 2008

Nominated by examining bodies and training institutions under paragraph 1(d) of Schedule 1 to the Act and the General Optical Council (Membership) Order of Council 1998

Jointly by the Anglia Ruskin University, the University of Aston, the University of Bradford, the Cardiff University, the City University, the Glasgow Caledonian University, the University of Manchester and the University of Ulster:

Alan Tomlinson MSc PhD DSc FCOptom DipCLP DOrth FAAO

General Optical Council

FINANCIAL STATEMENTS

for the year ended 31 March 2008

Appointments for a term expiring on 31 December 2011

Elected by registered optometrists under paragraph 1(b) of Schedule 1 to the Act:

Roger Anderson BSc MPhil PhD MCOptom FAAO
Donald Cameron BSc FCOptom DipCLP
David Cartwright BSc MCOptom MBA
Gwyneth Morgan BSc FCOptom
Nicholas Rumney MScOptom FCOptom FAAO
Charles Wass FBOA

Appointments for a term expiring on 31 December 2011

Elected by registered dispensing opticians under paragraph 1(c) of Schedule 1 to the Act:

Rosemary Bailey FBDO(Hons)CL
Jennifer Brower FBDO(Hons)LVA CertEd
Keith Cavaye FBDO(Hons)CL SMC(Disp)
Kim Devlin FBDO(Hons)CL
James Russell FBDO

Appointments for a term expiring on 31 December 2007

Nominated by the Royal College of Ophthalmologists under paragraph 1(e) of Schedule 1 to the Act:

Roger Buckley MA BM BCh FRCS FRCOphth
James Dunne FRCS FRCOphth DO
Peter Kyle FRCS FRCOphth
Stuart Roxburgh FRCS FRCOphth

Appointments for a term expiring on 31 December 2012

Nominated by the Royal College of Ophthalmologists under paragraph 1(e) of Schedule 1 to the Act:

Nigel Andrew FRCS FRCOphth
Peter Kyle FRCS FRCOphth
Stuart Roxburgh FRCS FRCOphth
Saghir Sadiq DO MRCOphthFRCS FRCOphth DM

REGISTRAR AND CHIEF EXECUTIVE OF THE COUNCIL

Peter Coe BA MIHM

General Optical Council

REPORT OF THE COUNCIL

The Council presents its Annual Report on the financial affairs of the Council together with the audited Accounts and Auditors' Report for the year ended 31 March 2008.

Council prepares an annual Financial Report which identifies its financial position and which is submitted to Government for scrutiny. Council prepares a three year Corporate Plan and an annual Business Plan setting out its medium term and immediate priorities.

The Audit Committee meets at least three times a year and reviews the systems of Council's internal financial controls and receives an annual report from the external auditors. It also reviews the operational and compliance controls and risk management.

OPTICIANS ACT 1989

The General Optical Council is constituted as a body corporate under the Opticians Act 1989, as updated by its section 60 Order which came into effect on 30 June 2005.

The Council's mission is to protect, promote and maintain the health and safety of the public through effective regulation of eye care professionals and businesses.

We carry this out by ensuring high standards of professional education and conduct among registrants. Our four key functions are:

1. Setting standards for optical education and training, performance and conduct
2. Approving qualifications leading to registration
3. Maintaining a register of individuals who are qualified and fit to practise, train or carry on business as optometrists, dispensing opticians, students and corporate bodies.
4. Investigating and acting where registrants' fitness to practice, train or carry on business is impaired

In addition, the Council may take action where it believes the law relating to the sale of optical appliances or testing of sight is necessary for public protection.

The Council maintains regular contact and communication with a range of internal and external stakeholders, including registrants, the public, staff and Members. We engage in partnership working with optical professional and membership bodies, government departments and other regulators.

FINANCIAL REVIEW

The Council reported a post tax surplus for the year of £26,383. This compared with a post tax surplus of £466,638 in 2006/7. Operating surpluses in recent years have added to the Council's reserves which now stand at £2.39m. The Council has continued to operate at or slightly above its stated Reserves Policy of 50% of planned annual expenditure.

Factors which contributed to the current year post tax surplus of £26,383 included higher than anticipated income from retention fees and investment income which was reduced by higher than budgeted total expenditure in the areas of salaries and some departmental spends. HR costs increased in 2007-8 as a result of costs for recruiting to new and vacated posts. Additional investment was also made in training and organisational development ahead of the move to a smaller, more board-like Council in 2009.

The Council's income in 2007/8 reached £3,295,219 made up predominantly by the annual retention and registration fees for full registrants who paid a fee of £169. The core fee of £135 has remained unchanged for the previous four financial years. The total fee of £169 agreed by Council in November 2006 included responsibility for the collection, funding and management of:

- (a) the statutory Continuing Education and Training (CET) Scheme (£27 levy per registrant per year), and
- (b) the Optical Consumer Complaints Service (OCCS) (£7 levy per registrant per year)

Council also has a statutory responsibility to register around 4,300 students who pay an annual registration or retention fee of £20 per annum.

Council earned £236,903 in taxable income, of which the majority was earned from the investment of its reserves in low risk bank and building society accounts. The Council pays Corporation Tax on its investment income only, at the prevailing rate.

General Optical Council

REPORT OF THE COUNCIL

Operating Expenditure increased year on year by £531,173 to £3.45m, a rise of 18% as Council continued to meet its ever increasing workload. Expenditure increased above budget and year on year in most operating areas except Standards and Legal Services.

CORPORATE GOVERNANCE

In June 2006, Council approved the following revised statement of its collective responsibility for corporate governance and an updated Code of Conduct for individual Members.

Corporate Responsibilities

The members of Council together take corporate responsibility for the governance of the organisation and its decisions. The key functions of the Council are:

- Policy and Strategic Direction
- Performance Monitoring
- Financial Stewardship
- Accountability, Communication, and Stakeholder Engagement

Individual responsibilities

Individual Members follow the Seven Principles of Public Life as set out by the Nolan Committee in 1996 and comply with the guidance contained in this Code of Conduct. These include:

Attendance

Members are expected to attend Council, committee and working groups regularly, to prepare and contribute effectively and to conduct themselves at all times in accordance with the public interest.

Confidentiality

Members are expected to respect the confidentiality of privileged information and only to share documents on public agendas.

Expression of Views

Members are expected to distinguish clearly, when speaking or writing, between personal views and those of the GOC. Any communication with the media about the Council's work or policy, including publication of views via the Internet, should be discussed with the Communications Manager, Chairman or Registrar before a statement is made.

Corporate responsibility

Members contribute to Council decisions and take joint responsibility for them. This does not preclude a Member who disagrees with a decision of the committee on which they serve from presenting their views to the Council provided that any disagreement has been raised at the meeting and notification has been given to the Committee Chairman and to the Council Chairman. However once a Council decision has been taken each member must support it.

Financial or Professional Interests

Members must declare in the register of interests, any professional, personal or business interests that may conflict, or appear to conflict, with their responsibilities as Council members.

Conflicts of Interest

Members are free to engage in political activities or to maintain associations with professional organizations provided that such activity does not conflict with the public protection role of the GOC or compromise their position as a Council member. Such outside activities must always be openly declared when a related matter is under discussion.

General Optical Council

REPORT OF THE COUNCIL

Equality and Diversity

Members must at all times demonstrate respect and dignity for others; a commitment to diversity and equal opportunities; and conduct themselves in a non-discriminatory manner.

Gifts and hospitality

Members must not accept gifts, hospitality or benefits offered as a consequence of GOC business, other than reasonable refreshments. If gifts cannot be refused without causing offence, they should be reported to the Registrar within 15 working days, who will discuss with the Member what action should be taken.

Personal behaviour

Members' behaviour must demonstrate the standards expected of holders of public office. Where a Member has been charged with, or had been convicted of, a serious criminal offence, or has been the subject of a disciplinary procedure by another licensing body, the Member must inform the Chairman at the earliest opportunity.

FORM AND CONTENTS OF FINANCIAL REPORT AND ACCOUNTS

The Report and Accounts have been drawn up in accordance with current company law disclosure requirements and applicable accounting practices in so far as these are appropriate to the Council's circumstances. Section 32 (2) of the Opticians Act 1989 provides that "*the accounts for each financial year of the Council shall be audited by auditors to be appointed by them and shall as soon as may be after they have been audited be published and laid before Parliament*".

COUNCIL MEMBERSHIP

Information about membership of the Council is contained at the beginning of this report, on our website and in the Council's Annual Report.

Signed on behalf of the Council

ROSIE VARLEY
Chairman of the Council
41 Harley Street
London W1G 8DJ

PETER COE
Registrar and Chief Executive of Council

Date:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL OPTICAL COUNCIL

We have audited the financial statements on pages 7 to 18.

This report is made solely to the General Optical 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 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 Council and the Council'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 Members of the Council are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Opticians Act 1989 requires the Council to keep accounts of all sums received or paid by them under the Act.

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 Opticians Act 1989, and whether the information given in the Report of the Council is consistent with the financial statements. We also report to you if, in our opinion, the Council 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 Members' remuneration and transactions with the Council is not disclosed.

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 Report of the Council. 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 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 judgements made by the Members of the Council 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 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 Council's affairs at 31 March 2008 and of its surplus for the year then ended and have been properly prepared in accordance with the Opticians Act 1989; and
- the information given in the Report of the Council is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

General Optical Council

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2008

| | <i>Notes</i> | 2008 £ | 2007 £ |
|---|--------------|------------------|------------------|
| TURNOVER | | | |
| Fees | 1 | 3,282,119 | 3,198,704 |
| Other operating income: | | | |
| Opticians Register | | - | 570 |
| Sale of Computer Services | | 13,100 | 14,504 |
| Other | | - | 30 |
| | | <u>3,295,219</u> | <u>3,213,808</u> |
| OPERATING EXPENDITURE | | | |
| Staff Employment costs | 2 | 1,240,769 | 1,035,249 |
| Human Resources costs | 3 | 180,287 | 52,631 |
| Business services | 4 | 1,046,867 | 1,003,416 |
| Registrar costs | 5 | 10,060 | 6,991 |
| Education | 6 | 173,606 | 177,687 |
| Legal services | 7 | 321,499 | 305,161 |
| FTP | 8 | 212,538 | 159,157 |
| IT Services | 9 | 41,109 | 43,160 |
| Communications | 10 | 104,773 | 89,313 |
| Standards | 11 | 65,301 | 50,430 |
| Legislative change | 12 | 57,559 | - |
| | | <u>3,454,368</u> | <u>2,923,195</u> |
| OPERATING (DEFICIT)/SURPLUS | | (159,149) | 290,613 |
| Interest receivable and other income | 13 | 236,903 | 211,397 |
| SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>77,754</u> | <u>502,010</u> |
| Corporation tax | 14 | (51,371) | (35,372) |
| SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION | | <u>26,383</u> | <u>466,638</u> |
| Transfers: | | | |
| Legal Costs Contingency Reserve | | - | - |
| Retained surplus/(deficit) for year | | <u>26,383</u> | <u>466,638</u> |
| Retained surplus at beginning of year | | 770,509 | 303,871 |
| Retained surplus at end of year | | <u>796,892</u> | <u>770,509</u> |

The operating surplus for the year arises from the Council's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all gains and losses have been dealt with in the Income and Expenditure Account.

General Optical Council

BALANCE SHEET

31 March 2008

| | Notes | 2008 £ | 2007 £ |
|---|-------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 15 | 64,343 | 69,936 |
| Intangible fixed assets | 16 | 20,759 | - |
| | | <u>85,102</u> | <u>69,936</u> |
| CURRENT ASSETS | | | |
| Other debtors | | 22,509 | 17,334 |
| Prepayments and accrued income | | 32,592 | 66,677 |
| Building society deposits | | 1,204,844 | 1,161,908 |
| Cash at and in hand | | 4,278,413 | 4,201,612 |
| | | <u>5,538,358</u> | <u>5,447,531</u> |
| CREDITORS: Amounts falling due within one year | 18 | <u>(3,226,568)</u> | <u>(3,146,958)</u> |
| NET CURRENT ASSETS | | <u>2,311,790</u> | <u>2,300,573</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,396,892</u> | <u>2,370,509</u> |
| RESERVES AND FUNDS | | | |
| Optical Education, Research and Public Purposes Fund | 19 | 100,000 | 100,000 |
| Legal Costs Contingency Reserve | 20 | 1,500,000 | 1,500,000 |
| Income and Expenditure Account | 21 | 796,892 | 770,509 |
| TOTAL FUNDS EMPLOYED | | <u>2,396,892</u> | <u>2,370,509</u> |

The financial statements were approved and authorised by the Council on and were signed on its behalf by:

Moira Black
Honorary Treasurer

Peter Coe
Registrar and Chief Executive

General Optical Council

CASH FLOW STATEMENT

for the year ended 31 March 2008

| | <i>Notes</i> | 2008 £ | 2007 £ |
|---|--------------|----------------|----------------|
| Cash flow from operating activities | 22a | (12,182) | 875,937 |
| Returns on investments and servicing of finance | 22b | 223,097 | 177,660 |
| Taxation | | (32,706) | (34,950) |
| Capital expenditure and financial investment | 22b | (58,472) | (26,426) |
| INCREASE IN CASH IN THE PERIOD | | <u>119,737</u> | <u>992,221</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

| | | 2008 £ | 2007 £ |
|---------------------------------|-----|------------------|------------------|
| MOVEMENT IN NET FUNDS IN PERIOD | | 119,737 | 992,221 |
| NET FUNDS AT 1 APRIL 2007 | | 5,363,520 | 4,371,299 |
| NET FUNDS AT 31 MARCH 2008 | 22c | <u>5,483,257</u> | <u>5,363,520</u> |

General Optical Council

ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND REPORTING

The Council's Financial Report and Accounts for 2008 are prepared under the historical cost convention and are drawn up to meet the requirements, so far as are considered appropriate to the Council, of the Companies Act 1985 and to accord, so far as relevant, with applicable accounting standards.

TANGIBLE FIXED ASSETS

The Council's premises are shown at historical cost consisting of original cost of acquisition and subsequent capital expenditure, less aggregate depreciation. Office furniture and equipment are also shown at historical cost less aggregate depreciation.

INTANGIBLE FIXED ASSETS

Website developments costs are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives of 3 years.

DEPRECIATION

During the period the depreciation policy was altered from a reducing balance method to a straight line basis at rates calculated to write off the cost less estimated residual value, if any, of each tangible fixed asset over its expected useful life, as follows:

| | |
|------------------------------|-------------------------------------|
| Leasehold premises | 999 years - 0.1% p.a. straight line |
| Leasehold improvements | 5 years - 20% straight line |
| Computers | 3 years - 33⅓% straight line |
| Office furniture & equipment | |
| Electronic equipment | 3 years - 33⅓% p.a. straight line |
| Other | 3 years - 33⅓% straight line |

A full years depreciation is charged in the year of purchase, none is charged in the year of disposal.

RESEARCH AND DEVELOPMENT

The Council does not undertake any research or development work. If grants are made for those purposes they are written off when incurred.

STOCKS

Although the Council carries limited stocks of stationery and other office consumables, the value of such stocks at the year end is not material and is not incorporated in the accounts.

TAXATION

The Council is chargeable to Corporation Tax on its investment income, on any chargeable gains that may arise and on any income received from non-mutual trading.

DEFERRED TAX

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 company's taxable profits and its results as stated in the financial statements that 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

General Optical Council

ACCOUNTING POLICIES

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

VALUE ADDED TAX

The Council is not registered for VAT and all VAT borne by the Council on expenditure incurred is treated as part of the cost of the goods or services supplied.

PENSION ARRANGEMENTS

The Council contributes to the personal pension plans of its staff and contributions are charged to the income and expenditure account in the year they become payable.

TURNOVER

The Council's turnover comprises fees from registered optometrists, dispensing opticians, registered bodies corporate and student fees. Fees for registration, restoration and retention are payable for the year or period ending on 31 March and all such fees are credited in the accounts for the year to which they relate. Fees for registration and retention of students are payable for the year or period ending 31 August and all such fees are credited in the accounts for the year to which they relate.

OTHER INCOME

The Council's other operating income consists of database sales and income payable by the tenant resident on the upper floors.

DEFERRED INCOME

Deferred income mainly represents retention fees and data sales received in advance.

RESERVES AND FUNDS

LEGAL COSTS CONTINGENCY RESERVE:

This reserve has been established to strengthen the Council's position in dealing with major disciplinary cases and in the prosecution of non-registrants operating outside of the Act.

Costs awarded:

Financial penalty orders made in fitness to practise hearings when received by the Council are remitted to the Department of Health.

OPTICAL EDUCATION, RESEARCH AND PUBLIC PURPOSES FUND

The Optical Education, Research and Public Purposes Fund has been established to meet expenditure on purposes connected with optical education and research and for any other public purposes connected with the profession of optometrists or dispensing opticians in terms of the provisions of Section 32(1) of the Opticians Act 1989.

General Optical Council

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2008

1 FEES

The contribution of various activities of the Council to turnover are set out below:

| | 2008 £ | 2007 £ |
|-------------------|------------------|------------------|
| Retention fees | 2,422,579 | 2,309,387 |
| CET Levy | 497,867 | 491,103 |
| OCCS Levy | 129,066 | 127,323 |
| Registration fees | 130,475 | 197,586 |
| Restoration fees | 93,348 | 64,575 |
| Other fees | 8,784 | 8,730 |
| | <u>3,282,119</u> | <u>3,198,704</u> |

2 STAFF EMPLOYMENT COSTS

| | 2008 £ | 2007 £ |
|-----------------------------|------------------|------------------|
| Salaries | 1,005,778 | 839,742 |
| NI Employer's | 111,406 | 93,250 |
| Pension scheme | 86,431 | 63,747 |
| Life assurance | 5,452 | 4,828 |
| Pension administration | 5,025 | 4,000 |
| Private medical insurance | 11,012 | 9,104 |
| Long term disability scheme | 4,000 | 7,324 |
| Professional subscriptions | 11,665 | 13,254 |
| | <u>1,240,769</u> | <u>1,035,249</u> |

| | No. | No. |
|---|-----------|-----------|
| The average number of persons employed by the Council during the year was as follows: | <u>26</u> | <u>24</u> |

MEMBERS' FEES AND EXPENSES

Fees were paid to Members at the rate of £270 per day during the financial year (2007: £250 per day). Average fees paid to Council Members during the year were £6,164 (2007: £4,467)

Aggregate fees paid to the Chairman were £35,100 (2007: £25,000) Honoraria payments were made as follows: Deputy Chairman and Treasurer: £1,650 (2007: £1,500) Chairman of Committees: £825 (2007: £750).

General Optical Council
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

| | | | |
|---|---|------------------|------------------|
| 3 | HUMAN RESOURCE COSTS | 2008 £ | 2007 £ |
| | Staff recruitment costs | 65,183 | 32,526 |
| | Training and development | 100,093 | 20,013 |
| | Publications | 2,805 | 92 |
| | Legal fees - employment | 5,063 | - |
| | Policy development | 1,048 | - |
| | HR other costs | 210 | - |
| | Travel and subsistence – HR | 5,496 | - |
| | Staff working group | 389 | - |
| | | <u>180,287</u> | <u>52,631</u> |
| 4 | BUSINESS SERVICES | 2008 £ | 2007 £ |
| | Registration | 46,515 | 25,292 |
| | Finance | 30,210 | 30,134 |
| | Committee’s fees and expenses | 63,955 | 67,359 |
| | CET costs | 326,061 | 322,367 |
| | OCCS | 108,863 | 113,601 |
| | Legal advice | 8,870 | 14,356 |
| | Office costs | 255,767 | 250,339 |
| | Council Meetings/Seminars (including Tax, NI and Travel/Accommodation) | 193,978 | 165,290 |
| | Optical and regulatory body subscriptions | 12,648 | 14,678 |
| | | <u>1,046,867</u> | <u>1,003,416</u> |
| 5 | REGISTRARS COSTS | 2008 £ | 2007 £ |
| | Travel and subsistence | 4,875 | 4,245 |
| | Meetings and entertainment | 1,299 | 1,362 |
| | Members expenses – meeting with registrar | 2,440 | 1,384 |
| | Registrars other costs | 1,446 | - |
| | | <u>10,060</u> | <u>6,991</u> |
| 6 | EDUCATION | 2008 £ | 2007 £ |
| | Education – ECOO Costs | 28,638 | 24,753 |
| | Members Expenses - Education | 66,509 | 59,057 |
| | Visits | 78,459 | 93,877 |
| | | <u>173,606</u> | <u>177,687</u> |

General Optical Council

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2008

| | | | |
|----|---|----------------|----------------|
| 7 | LEGAL SERVICES | 2008 £ | 2007 £ |
| | Legal fees | 256,602 | 198,811 |
| | Criminal prosecution costs | 14,583 | 70,281 |
| | Investigation costs | 4,722 | 1,031 |
| | Assessment fees | 9,274 | 5,748 |
| | Members expenses – legal services | 31,265 | 27,663 |
| | Other | 5,053 | 1,627 |
| | | <u>321,499</u> | <u>305,161</u> |
| 8 | FTP | 2008 £ | 2007 £ |
| | Legal – venue costs | 43,816 | 31,084 |
| | Members fees and expenses | 78,122 | 66,805 |
| | Recruitment, induction, training | 24,532 | 25,106 |
| | FTP panel appraisal costs | 5,516 | 1,410 |
| | Legal Advisors | 30,329 | 17,396 |
| | Transcription Services | 28,301 | 17,299 |
| | Other | <u>1,922</u> | <u>57</u> |
| | | <u>212,538</u> | <u>159,157</u> |
| 9 | IT SERVICES | 2008 £ | 2007 £ |
| | IT Services | 41,109 | 43,160 |
| 10 | COMMUNICATIONS | 2008 £ | 2007 £ |
| | Corporate identity | 7,936 | 3,343 |
| | Website development costs | 2,581 | 3,527 |
| | Information | 16,144 | 13,323 |
| | Publications | 60,484 | 65,076 |
| | Stakeholder relations | 3,705 | 2,988 |
| | Members expenses – communications | 75 | 49 |
| | Other | 3,468 | 1,007 |
| | Amortisation of website development costs | 10,380 | - |
| | | <u>104,773</u> | <u>89,313</u> |

General Optical Council
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2008

| | | | |
|----|---|----------------|----------------|
| 11 | STANDARDS | 2008 £ | 2007 £ |
| | Legislative Change Consultancy | 6,464 | - |
| | Therapeutic Prescribing Consultancy | 13,573 | - |
| | Contact Lens Consultancy | 360 | 5,680 |
| | Sale of Optical Appliances Consultancy | 1,523 | 5,662 |
| | European Directive Consultancy | 1,304 | - |
| | Members expenses – standards | 37,105 | 30,228 |
| | Other | 4,972 | 8,860 |
| | | <u>65,301</u> | <u>50,430</u> |
| 12 | LEGISLATIVE CHANGE | 2008 £ | 2007 £ |
| | Project Board | 16,363 | - |
| | Tackling concern | 16,675 | - |
| | Governance | 10,237 | - |
| | Revalidation | 9,050 | - |
| | Registration | 5,234 | - |
| | | <u>57,559</u> | <u>-</u> |
| 13 | INTEREST RECEIVABLE AND OTHER INCOME | 2008 £ | 2007 £ |
| | Bank and building society interest | 223,097 | 177,660 |
| | Rental income | 13,832 | 13,832 |
| | Hire of facilities for meetings | - | 63 |
| | Sundry income | (26) | 19,842 |
| | | <u>236,903</u> | <u>211,397</u> |
| 14 | TAXATION | 2008 £ | 2007 £ |
| | UK corporation tax on profits of the period | 46,176 | 35,068 |
| | Adjustments in respect of previous periods | 5,195 | 304 |
| | Total current tax | <u>51,371</u> | <u>35,372</u> |
| | Factors affecting the tax charge for the period: The tax on ordinary activities is lower than the standard rate of corporation tax in the UK 20%. The differences are explained below: | | |
| | Profit on ordinary activities before tax | <u>101,515</u> | <u>502,010</u> |
| | Profit on ordinary activities multiplied by the standard rate of corporate tax in the UK 20% (2007: 19%) | 20,303 | 95,382 |
| | Effects of: | | |
| | Income not taxable | 25,873 | (60,314) |
| | Adjustments to tax charge in respect of previous periods | 5,195 | 304 |
| | Current tax charge for the period | <u>51,371</u> | <u>35,372</u> |

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15 TANGIBLE FIXED ASSETS

| Cost | Long leasehold building and improvements £ | Office, furniture & equipment £ | Computer equipment £ | Total £ |
|--|---|------------------------------------|-------------------------|----------------|
| At 1 April 2007 | 84,500 | 61,997 | 100,152 | 246,649 |
| Long Leasehold Building 41 Harley Street, London W1G 8DJ Office furniture & equipment, computers | | | | |
| Cost of additions | 3,170 | 6,630 | 17,534 | 27,334 |
| 31 March 2008 | <u>87,670</u> | <u>68,627</u> | <u>117,686</u> | <u>273,983</u> |
| Depreciation | | | | |
| 1 April 2007 | 37,462 | 50,286 | 88,965 | 176,713 |
| Charged in the year | 10,825 | 9,014 | 13,088 | 32,927 |
| 31 March 2008 | <u>48,287</u> | <u>59,300</u> | <u>102,053</u> | <u>209,640</u> |
| Net book value | | | | |
| 31 March 2008 | <u>39,383</u> | <u>9,327</u> | <u>15,633</u> | <u>64,343</u> |
| 31 March 2007 | <u>47,038</u> | <u>11,711</u> | <u>11,187</u> | <u>69,936</u> |

The 999 year lease of the Harley Street building expires in 2958. The building is included in the accounts at an historical cost of £32,511. In the opinion of the Council, the market value is considerably in excess of the book value.

16 INTANGIBLE FIXED ASSETS

| Cost | Website development costs £ | Total £ |
|----------------|--------------------------------|---------------|
| 1 April 2007 | - | - |
| Additions | 31,139 | 31,139 |
| 31 March 2008 | <u>31,139</u> | <u>31,139</u> |
| Amortisation | | |
| 1 April 2007 | - | - |
| Charge in year | 10,380 | 10,380 |
| 31 March 2008 | <u>10,380</u> | <u>10,380</u> |
| Net book value | | |
| 31 March 2008 | <u>20,759</u> | <u>20,759</u> |
| 31 March 2008 | <u>-</u> | <u>-</u> |

General Optical Council

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2008

| | | | |
|----|--|------------------|------------------|
| 17 | CAPITAL COMMITMENTS | | |
| | There were no capital commitments at 31 March 2008. | | |
| 18 | CREDITORS | 2008 | 2007 |
| | | £ | £ |
| | Other creditors | 140,253 | 67,966 |
| | Corporation tax | 36,318 | 17,652 |
| | Other tax and social security | 47,283 | 37,434 |
| | Deferred income | 2,950,381 | 2,979,148 |
| | Accruals | 52,333 | 44,758 |
| | | <u>3,226,568</u> | <u>3,146,958</u> |
| | | ===== | ===== |
| 19 | OPTICAL EDUCATION, RESEARCH AND PUBLIC PURPOSES FUND | 2008 | 2007 |
| | | £ | £ |
| | 1 April 2007 and 31 March 2008 | 100,000 | 100,000 |
| | | <u>100,000</u> | <u>100,000</u> |
| | | ===== | ===== |
| 20 | LEGAL COSTS CONTINGENCY RESERVE | 2008 | 2007 |
| | | £ | £ |
| | 1 April 2007 | 1,500,000 | 1,500,000 |
| | Transfer from income and expenditure account | - | - |
| | 31 March 2008 | <u>1,500,000</u> | <u>1,500,000</u> |
| | | ===== | ===== |
| 21 | INCOME AND EXPENDITURE RESERVE | 2008 | 2007 |
| | | £ | £ |
| | 1 April 2007 | 770,509 | 303,871 |
| | Surplus/(deficit) for the year | 26,383 | 466,638 |
| | 31 March 2008 | <u>796,892</u> | <u>770,509</u> |
| | | ===== | ===== |
| 22 | CASH FLOWS | 2008 | 2007 |
| | | £ | £ |
| a | Reconciliation of operating surplus to net cash inflow from operating activities | | |
| | Operating (deficit)/surplus | (159,149) | 290,613 |
| | Depreciation | 32,927 | 28,693 |
| | Amortisation | 10,380 | - |
| | Other income | 13,806 | 33,737 |
| | Decrease/(increase) in debtors | 28,910 | 3,023 |
| | Increase/(decrease) in creditors | 60,944 | 519,871 |
| | Net cash flow from operating activities | <u>(12,182)</u> | <u>875,937</u> |
| | | ===== | ===== |

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| | | 2008 | 2007 |
|---|---|-----------------|-----------------|
| | | £ | £ |
| b | Analysis of cash flows for headings netted in the cash flow | | |
| | Returns on investments and servicing of finance | | |
| | Interest received | 223,097 | 177,660 |
| | Net cash inflow from returns on investments and servicing of finance | <u>223,097</u> | <u>177,660</u> |
| | Capital expenditure and financial investment | | |
| | Purchase of tangible fixed assets | (27,333) | (26,426) |
| | Purchase of intangible fixed assets | (31,139) | - |
| | Net cash outflow from capital expenditure and financial investment | <u>(58,472)</u> | <u>(26,426)</u> |
| | | ===== | ===== |
| | | At | At |
| | | 1 April | 31 March |
| | | 2007 | 2008 |
| | | £ | £ |
| c | Analysis of net funds | £ | £ |
| | Cash in hand: at bank | 5,363,520 | 5,483,257 |
| | | <u>119,737</u> | <u>-</u> |
| | | ===== | ===== |

23 PENSION COMMITMENTS

The Council operates a defined contribution pension scheme on behalf of certain employees. The assets of the scheme are held separately from those of the Council in an independently administered fund. The amount paid during the year was £86,431 (2007: £63,747).

24 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 the Council had annual commitments under non-cancellable operating leases as follows:

| | | 2008 | 2007 |
|--|---|--------------|--------------|
| | | £ | £ |
| | Land and buildings expiring after five years | 1,000 | 1,000 |
| | | <u>1,000</u> | <u>1,000</u> |
| | | ===== | ===== |