

**GENERAL OPTICAL COUNCIL
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2012**

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GENERAL OPTICAL COUNCIL

REPORT OF THE COUNCIL FOR THE YEAR 31 MARCH 2012

1. OBJECTIVES AND ACTIVITIES

The General Optical Council (GOC) is one of 13 organisations in the UK known as health and social care regulators. These organisations oversee the health and social care professions by regulating individual professionals.

We are the regulator for the optical professions in the UK. We currently register around 24,000 optometrists, dispensing opticians, student opticians and optical businesses.

Our statutory duty is 'to protect, promote and maintain the health and safety' of members of the public.

We achieve this through the promotion of high standards of professional education and training, clinical competence and professional conduct among dispensing opticians and optometrists. We ensure that our actions are characterised by transparency, probity, fairness and equity.

We believe that in carrying out our duty we are both protecting the public and promoting good eye care and thereby delivering robust public benefit.

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.

Our staff, Council members, committee members and panelists all work together to ensure we deliver high-quality regulation to patients and the public. Their expertise, dedication and commitment are highly valued, and they play an essential role in supporting the organisation's aims and objectives.

1.1 Our Strategic Objectives

The five key strategies are:

1. Deliver our mission effectively – providing safe, proportionate and fair public protection
2. Excellent strategic capacity – basing policy, regulatory practise and plans on sound evidence
3. Strong stakeholder relationships – building influence through effective working relationships and a real understanding of stakeholder issues
4. Integrated and streamlined processes – so that we develop and use systems that are efficient and cost effective
5. Shared culture and identity – supporting our staff, Council and Committees to deliver the GOC's goals

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REPORT OF THE COUNCIL FOR THE YEAR 31 MARCH 2012

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

2.1 Structure

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.

2.2 Governance

Public protection is at the heart of the role of Council members, Committee members, Hearings Panel members, advisors and visitors, and must at all times underpin their conduct and behaviour. The GOC's Code of Conduct¹ provides guidance for members, advisors and visitors to assist them in undertaking their duties in accordance with currently accepted standards of public service.

The Council endorses the Seven Principles of Public Life set out by the Nolan Committee (1996): Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. In addition the Code of Conduct sets out guidance on the expected conduct of members, advisors and visitors in relation to: attendance, confidentiality, expression of views, corporate responsibility, financial or professional interests, conflicts of interest, equality and diversity, gifts and hospitality, and personal behaviour.

2.3 Statement of Council's Responsibilities

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

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

The Council is responsible for ensuring the preparation of the Annual Report of the Council and the financial statements in accordance with applicable law and regulations.

The members are required to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of affairs of the Council as

1

http://www.optical.org/goc/filemanager/root/site_assets/codes_of_conduct/code_of_conduct_for_members_advisers_visitors_april_2009_28744.pdf

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at the end of the year and of its financial activities during the year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). In preparing these financial statements, the members are required to be satisfied that:

- suitable accounting policies are selected and applied consistently;
- judgments and accounting estimates are reasonable and prudent;
- applicable UK Accounting Standards are followed, disclosing and explaining any departures in the accounts;
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Council will continue to operate.

Members are responsible for ensuring that adequate accounting records are maintained sufficient to show and explain the Council's transactions and disclose with reasonable accuracy at any time the financial position of the Council and to ensure the financial statements comply with the Opticians Act 1989. They are also responsible for ensuring the safeguarding of the assets of the Council and ensuring their proper use, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2.4 Council Membership

Chair

Anna Bradley

The Council Members between 1 April 2011 and 31 March 2012 were:

Morag Alexander OBE – appointed in April 2009
Paul Carroll Bsc (Hons) MCOptom MBA – appointed in April 2009
Brian Coulter OBE – appointed in April 2009
Peter Douglas FCA – appointed in April 2009
Robert Hogan MCOptom PhD BSc (Hons) – appointed in April 2009
Liam Kite FBDO – appointed in April 2009
Kevin Lewis BSc FCOptom Dip CLP – appointed in April 2009
Fiona Peel OBE DL LLM SRN – appointed in April 2009
Nicholas Rumney MScOptom FCOptom FAAO – appointed in April 2009
James Russell FBDO – appointed in April 2009
Selina Ullah – Msc appointed in September 2011

Morag Alexander, James Russell, Rob Hogan, Paul Carroll, Brian Coulter, Peter Douglas, Liam Kite and Fiona Peel are all eligible for re-appointment in 2013.

2.5. Registrar and Chief Executive of the Council

Samantha Peters - From 31 March 2011

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REPORT OF THE COUNCIL FOR THE YEAR 31 MARCH 2012

2.6 Council Committees

The Council is supported by committees. Each committee plays a crucial role in providing Council members and staff with advice and assistance on everyday work and specific projects.

The four advisory committees are: education, standards, registration and companies. The three decision-making committees are investigation, fitness to practise and registration appeals. The two non-statutory committees are audit and remuneration.

2.7 The Audit Committee

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.

2.8 Managing Risk

The Council and its executive have embarked on a series of major projects to modernise the organisation, drive down costs and further improve the delivery of its public health responsibilities. Change on such a significant basis will always involve a degree of risk. The Council has taken external professional advice in order to ensure it has a robust risk management system and register in place. The Council is confident that the funding and skills required for delivery are in place to drive this agenda and maintain its ability to deliver its statutory responsibilities.

3. ACHIEVEMENTS AND PERFORMANCE

As we have done each year we will publish a detailed annual report on our performance in each of the key areas of our activity later in 2012. However, we thought it would be helpful to the reader of the financial report to have alongside it a brief summary of the range and scale of our activities.

During the past year we have:

- Been recognised as an 'effective regulator' in the Council for Healthcare Regulatory Excellence's annual review
- Developed a new scheme for Continuing Education and Training (CET) and appointed a supplier to enable registrants to access and manage their CET online
- Introduced online retention for optical businesses and students
- Investigated 150 fitness to practise complaints
- Appointed a permanent Director of Regulation
- Approved the creation of case examiners to supplement existing fitness to practise procedures

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- Published fitness to practise guidance for employers
- Published guidance for students with disabilities who wish to become opticians
- Launched a consumer information booklet about the dangers of illegally sold cosmetic contact lenses
- Implemented a programme of regular meetings between the Chair and Chief Executive and their opposite numbers at optical bodies, regulators and charities, to strengthen stakeholder relationships
- Granted Plymouth University provisional approval to run an optometry degree course
- Contributed to the European Commission's consultation on modernising the Professional Qualifications Directive
- Commenced the review and development of a set of common values
- Reduced our registration fee for the second year running
- Launched a Twitter channel

3.1 Registration

We maintain and develop the public register and provide a range of information and guidance to registrants, the public and other stakeholders. As at 31 March 2012 we had 25,465 registrants comprising 4,570 students, 1,560 corporate businesses and 19,335 individual registrants.

3.2 Fitness to Practise

The General Optical Council is responsible for investigating complaints and pursuing allegations in connection with registrants' fitness to practise.

The Council investigates allegations that a registered optometrist's or a registered dispensing optician's fitness to practice is impaired; that a business registrant's fitness to carry on business as an optometrist or a dispensing optician (or both) is impaired; or that a student registrant's fitness to undertake training as an optometrist is impaired.

We investigate and manage criminal prosecutions in relation to breaches of Part 4 of the Opticians Act. As part of our investigatory function, we also provide information to members of the public about the extent of the GOC's powers. If the GOC is not able to investigate the complaint we will make suggestions about other potential avenues to pursue. In 2011/12 the team dealt with **150** complaints of which **36** resulted in a fitness to practise hearing.

3.3 Education and Standards

The GOC is responsible for more than 13 education establishment visits, inspecting and approving training providers, determining whether registrants can practise in the UK with overseas qualifications, accrediting and quality assuring education and

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REPORT OF THE COUNCIL FOR THE YEAR 31 MARCH 2012

training in the UK and overseas, management of the continuing education and training (CET) scheme and overseeing the criteria and award of specialist qualifications and training.

We also provide recommendations and advice for consideration by the Education and Standards Committees and Council on the Codes of Conduct and Competencies relating to standards of conduct, competence and performance. These standards are regularly kept under review by GOC committees.

4. FINANCIAL REVIEW

4.1 Form and contents of financial report and accounts

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 2012.

Council prepares an annual Financial Report which identifies its financial position and which is submitted to Government for scrutiny.

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"*.

Having undertaken a major restructuring in 2010/11 into three directorates, the Council feels better equipped to deliver its strategy and meet the challenges ahead.

The three directorates are Regulatory Services, Corporate Services and the Chief Executive's Office.

The Council achieved a surplus of **£0.497m** in the year against a surplus of **£1.308m** in 2010/11.

The Council reduced fees in 2011/12 for optometrists from **£325** (2010/11) to **£270** and for dispensing opticians from **£280** (2010/11) to **£270**.

Council fee income was higher than planned and produced more fee income in the year than budgeted, an additional **£0.34m**.

Expenditure was significantly lower than anticipated. In particular, a reduction in the level of fitness to practise activities, which are difficult to predict, meant that the cost

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REPORT OF THE COUNCIL FOR THE YEAR 31 MARCH 2012

of running legal services was **£0.397m** less than budgeted. This was caused by a number of factors: substantial savings from the management of High Court cases in house without need for external solicitors and the negotiation of lower fixed fees from our legal advisors more generally.

The Council and management have agreed a new corporate strategy and business plan which requires investment in the future. For this reason the Council has established a strategic reserve of **£0.830m**. This reserve will fund completion of a number of key projects, modernisation activities and 'invest to save' projects such as the integration of existing technology and the development of a new electronic case management system to provide a streamlined, speedier service for registrants and fitness to practise cases. As the notes to the accounts explain in more detail, the Council has put in place a new protocol for criminal prosecutions. The surplus added to the income and expenditure reserve this year was **£0.497m**.

The income of **£5.80m** in 2011/12 is made up predominantly of annual retention and registration, which amounted to **£5.64m**

The Council also earned **£35k** in taxable income, of which the majority was earned from the investment of its reserves in low risk building society accounts. The Council pays Corporation Tax on its investment income at the prevailing rate.

The Council has robust cash resources and Council Members have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future as a going concern.

4.2 Reserves Policy

The Council has a responsibility to ensure that there are prudent levels of reserves to provide for unexpected variations in spending or income patterns or to fund exceptional future spending. As can be seen from the notes to the accounts the total reserves at the year-end were **£3.40m**. The policy on total reserves set originally in 2004 provided for 50% of annual spend, to include a contingency for legal costs. This would have required reserves at the year-end of circa **£2.69m**. This policy was refined in 2008 to set a target of income & expenditure reserves (available to cope with spending or income variations) equivalent to three months expenditure. This would require a target reserve based upon the 2012/13 budget of about **£1.39m**. The actual income and expenditure reserve at the year-end is **£1.48m**. We have additional earmarked reserves for 'invest to save' projects commencing in 2012/13 and for legal costs.

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REPORT OF THE COUNCIL FOR THE YEAR 31 MARCH 2012

4.3 Investment Policy

The Council has a policy on investments which limits investments to low risk options. Free cash flow is presently on short call (one year or less). Treasury management is presently under review.

5. PLANS FOR FUTURE PERIODS

Our current strategic plan is an innovative and ambitious one, given that, our Council has consistently emphasised the importance of devising realistic business plans to deliver our goals over an achievable timeframe. Council and the Executive have mutually identified the need to ensure that our resources are effectively matched to our aspirations, for both our core business, as well as for our broader strategic goals and supporting projects.

This is the second year in our current three year strategic plan, and the business plan for this year builds on the strategies and actions taken so far towards achieving our strategic vision of leading the way in regulation – that is, to protect the public through regulating the optical profession, in a manner that is exemplary and innovative.

We have performed well against the standards set by the Council for Healthcare Regulatory Excellence (CHRE) in our first Strategic Plan year and intend to continue our focus on improvement of both effectiveness and efficiency in delivering safe, proportionate, transparent and fair public protection.

We need to be sure that we can fully match resources and the aspirations we have to deliver all the projects outlined from 2012/13 to 2013/14 or beyond set out in our business plan in order to enable us to prioritise our 'spend to save' reserve investment, develop an efficient and effective organisation and continue to deliver value to our registrants and the public we serve.

Our business plan promotes the five key strategies we are following to achieve our strategic vision and the main projects and working practices we will engage to ensure we deliver.

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REPORT OF THE COUNCIL FOR THE YEAR 31 MARCH 2012

Six projects will be especially important over the next year:

1. The IT integration project – to introduce a new Customer Relationship Management (CRM) system, giving us one database for the whole organisation
2. The potential relocation to more modern, fit-for-purpose offices
3. The implementation of new Fitness to Practise Rules (FTP), which have been designed to speed up the FTP process while making it fairer and more transparent
4. The introduction of enhanced CET in January 2013, to help improve standards across the professions
5. The development of a strategy for prosecuting breaches of the Opticians Act
6. The undertaking of an end-to-end review of our complaints process

Signed on behalf of the Council



Anna Bradley
Chair of the Council



Samantha Peters
Registrar and Chief Executive of the
Council

41 Harley Street
London
W1G 8DJ

Date 28th June 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL OPTICAL COUNCIL

We have audited the financial statements of General Optical Council for the year ended 31 March 2012 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of Council, as a body, in accordance with the Opticians Act 1989. Our audit work has been undertaken so that we might state to the 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 members of Council as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Council and auditor

As explained more fully in the Statement of Council's Responsibilities, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The Opticians Act 1989 requires the Council to keep accounts of all sums received or paid by them.

We have been appointed as auditor under the Opticians Act 1989 and report in accordance with it.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the Report by the Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GENERAL OPTICAL COUNCIL

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Council's affairs as at 31 March 2012 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Opticians Act 1989.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Statutory Auditor

London

6 August 2012

**GENERAL OPTICAL COUNCIL
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2011/12 £	2010/11 £
Income:			
Fee Income	1a.	5,638,102	6,365,892
Other Income		26,914	7,993
Investment income	1b.	52,616	69,574
Department of Health Grant		88,072	35,891
		5,805,704	6,479,350
Expenditure:			
Fitness to practise	5	1,991,555	1,619,046
Registration	6	1,011,691	931,708
Education & Standards	7	1,135,736	1,223,233
Communications	8	303,610	423,838
Governance	9	854,645	959,084
		5,297,237	5,156,909
Operating Surplus / (Deficit) before taxation			
		508,467	1,322,441
Taxation	12	(11,489)	(14,051)
Surplus after tax		496,978	1,308,390

All income and expenditure derives from continuing activities. There are no other gains or losses other than those stated in the income and expenditure account, and as such no separate Statement of Recognised Gains and Losses is included.

**GENERAL OPTICAL COUNCIL
BALANCE SHEET AS AT 31 MARCH 2012**

	Notes	2011/12 £	2010/11 £
Fixed Assets:			
Tangible fixed assets	13	224,707	380,688
Investments	14	0	1,000,000
Total		224,707	1,380,688
Current Assets:			
Debtors	15	120,828	174,272
Short term deposits		909,278	1,516,513
Cash at bank and in hand		8,183,272	5,754,994
Total		9,213,378	7,445,779
Current Liabilities:			
Creditors: Amounts falling due within one year	16	(6,035,397)	(5,920,757)
Total assets less current liabilities			
		3,402,688	2,905,710
Represented by:			
Legal costs contingency reserve	17	1,000,000	1,000,000
Strategic reserve	17	830,326	875,000
Income & expenditure reserve	17	1,478,168	936,516
Optical education reserve	17	94,194	94,194
Net Funds Employed		3,402,688	2,905,710

The accounting policies on pages 17 to 19 and notes on pages 20 to 29 form part of these accounts

The financial statements were approved and authorised by the Council on 28/06/2012 and were signed on its behalf by:



Anna Bradley
Chair of the Council

Samantha Peters
Registrar and Chief Executive of the Council

**GENERAL OPTICAL COUNCIL
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2011/12 £	2010/11 £
Cash flow from operating activities	18a.	913,282	897,912
Returns on investments and servicing of finance	18b.	35,227	55,742
Taxation		(14,051)	(17,135)
Capital expenditure and financial investment	18c.	(113,416)	(269,984)
Management of liquid resources	18d.	1,607,236	983,487
Net cash increase		2,428,278	1,650,022

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	Notes	2011/12 £	2010/11 £
Movement in net funds in period	18e.	2,428,278	1,650,022
Net Funds at 1 April 2011		5,754,994	4,104,972
Net Funds at 31 March 2012		8,183,272	5,754,994

GENERAL OPTICAL COUNCIL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2012

BASIS OF ACCOUNTING

The Council's Financial Report and Accounts for the year ended 31 March 2012 have been prepared on a going concern basis 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 2006 and to accord, so far as relevant, with applicable accounting standards.

The Council is required to submit the accounts to the Privy Council who lay them before Parliament.

ACCOUNTING POLICY

The financial statements have been prepared (under the historical cost convention) to comply with current statutory requirements and with applicable accounting standards in the UK.

The financial statements have been prepared on a going concern basis.

The principal accounting policies adopted in the preparation of the financial statements, which have been applied consistently, are detailed below.

INCOMING RESOURCES

The Council's income mainly comprises fees from registered optometrists, dispensing opticians and bodies corporate. Fees charged for annual retention are payable in advance between January and March each year in respect of the year from 1 April 2011 to 31 March 2012. Fees for students are payable for the year or period ending 31 August in line with the academic year and credited in the accounts for the year to which they relate.

Rental income is recognised on a straight-line basis over the period.

Investment income is recognised when interest falls due and is stated gross of recoverable tax.

Sales and other income are recognised when the related goods or services are provided.

FUNDS

The reserve funds of the Council are described in detail in Note 17 to the Accounts.

The reserve funds comprise of: Strategic Reserve, which has been earmarked for 'spend to save' projects, Legal Contingency reserve, which is our best estimate of the consequences of unrecoverable legal costs and the Income and Expenditure Reserve provides for unexpected fluctuations in income or expenditure.

GENERAL OPTICAL COUNCIL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2012

SENIOR MANAGEMENT TEAM AND SUPPORT COSTS

Support costs have been allocated across core functions on the basis of headcount.

FIXED ASSETS

Information relating to tangible fixed assets is given in note 13 to the accounts. The Council's premises are shown at the original cost of acquisition plus subsequent capital expenditure less aggregate depreciation. Tangible fixed assets are stated at cost, net of depreciation.

Expenditure is capitalised where the cost of the asset, or group of assets, exceeds £500.

Website planning costs are charged to the income and expenditure accounts as incurred. Other website costs are capitalised as a fixed asset only where they lead to the creation of an enduring asset delivering tangible future benefits whose value is at least as great as the amount capitalised. An impairment review is undertaken of the net asset value of the website at each balance sheet date. Expenditure to maintain, operate and develop the website is charged to the income and expenditure account.

DEPRECIATION

Assets are depreciated in equal instalments over the following periods:

Premises at 41 Harley Street	999 years
Property improvements	5 years
IT equipment	3 years
Website/Intranet/Online retention	3 years
Office furniture & equipment	3 years

INVESTMENTS

Investments comprise cash or deposits held as investments. The investments are limited to low and no-risk options by the policy approved by the Council.

Investments are included in the balance sheet at their market value at the balance sheet date.

TAXATION

The Council is liable to Corporation Tax on its investment income and other taxable income.

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

**GENERAL OPTICAL COUNCIL
ACCOUNTING POLICIES FOR
THE YEAR ENDED 31 MARCH 2012**

OPERATING LEASES

The annual rentals are charged to the income and expenditure account over the term of the lease.

PENSION ARRANGEMENTS

The Council contributes 10% of salary each year to the personal pension plans of its staff under a voluntary scheme and these contributions are charged to the income and expenditure account in the year they become payable.

**GENERAL OPTICAL COUNCIL
NOTES TO THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

	2011/12 £	2010/11 £
1a. Fees and other income:		
Annual retention fee	5,342,775	6,042,012
Registration fee	295,327	323,880
Total	5,638,102	6,365,892

The income decrease has arisen mainly due to a fee reduction for optometrists to £270 (2010/11: £325) and dispensing opticians to £270 (2010/11: £280).

1b. Investment income:		
Rental Income	17,389	13,832
Interest from investments	35,227	55,742
Total	52,616	69,574

Interest income has reduced predominantly as a result of lower rates on the financial markets.

2. Staff employment costs:		
Salaries and national insurance	1,810,628	1,889,255
Pension scheme	108,395	92,493
Other costs	45,165	52,365
Total	1,964,188	2,034,113

Staff employment costs decreased mainly due to the departure of staff in late 2010/11 who were in a higher salary bracket. Other costs relate predominantly to benefits and administration fees.

3. **Employee headcount** - The average number of full time equivalent employees during the year analysed by function were:

	2011/12	2010/11
Chief Executives office	1	2
Management team	2	3.5
Communications	2	2
Governance	5	4
Operations	19	20
Planning and resources	11	7
Total	40	38.5

Includes contract staff

**GENERAL OPTICAL COUNCIL
NOTES TO THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

4. Employees – Remuneration – The number of staff whose taxable emoluments fell into higher salary bands were:

	2011/12	2010/11
£60,000 but under £70,000	2	1
£70,000 but under £80,000	1	2
£80,000 but under £90,000	1	1

	2011/12	2010/11
	£	£

5. Fitness to Practise - Investigations:

Legal fees	473,250	324,038
Investigations committee fees and expenses	66,139	50,644
Staff costs	481,550	382,228
Corporate support costs (Note 12)	463,752	369,590
Other Costs	14,570	52,176
Total	1,499,261	1,178,676

Other costs are made up of expenditure on assessments and expert fees. The Fitness to Practise staff costs have increased because CEO/ Registrar and Director expenditure has been allocated to the core departments.

Fitness to Practise - Hearings:

Hearings panels members' fees and expenses	192,050	154,104
Staff costs	77,177	59,843
Other costs	165,098	164,825
Corporate support costs (Note 11)	57,969	61,598
Total	492,294	440,370

Total Fitness to Practise:	1,991,555	1,619,046
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Other costs include transcribers, advisors and hearing venue hire costs.

**GENERAL OPTICAL COUNCIL
NOTES TO THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

	2011/12 £	2010/11 £
6. Registration:		
Operations	47,724	47,184
Bank charges	46,700	19,866
Corporate support costs (Note 11)	405,783	461,988
Online retention and project costs	148,336	89,696
Staff costs	344,960	306,796
Other costs	18,188	6,178
Total	1,011,691	931,708

	2011/12 £	2010/11 £
7. Education & Standards:		
Continued education and training	352,263	323,769
Revalidation scheme	88,072	35,891
Education committees & meetings	13,089	31,903
Education visits	97,090	74,757
Staff costs	286,113	325,786
Corporate support costs (Note 11)	289,845	415,789
Other costs	9,264	15,338
Total	1,135,736	1,223,233

	2011/12 £	2010/11 £
8. Communications:		
Corporate Identity, website, information & publications	37,378	89,918
Stakeholder relations	29,160	10,539
Staff costs	115,929	135,128
Corporate support costs (Note 11)	115,938	153,996
Other costs	5,205	34,257
Total	303,610	423,838

**GENERAL OPTICAL COUNCIL
NOTES TO THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

	2011/12 £	2010/11 £
9. Governance:		
Auditors remuneration	35,169	22,087
Internal audit fees	27,557	3,408
Audit committee costs	4,445	5,299
Members fees and expenses (Note 10)	194,789	188,437
Regulatory subscriptions	25,708	0
Other council expenses	22,797	18,146
Staff costs	202,347	307,904
Registrar expenditure	0	12,545
Other costs	51,988	31,668
Corporate support costs (Note 11)	289,845	369,590
Total	854,645	959,084

Staff costs are decreased because the CEO/Registrar salary has now been allocated across all departments. Auditors' remuneration includes charges for corporate tax advisory work (£3,240), fees for work carried out in respect of statutory audit for 2010/11 (£14,782) and 2011/12 (13,750).

10. Members – During the year, fees and allowances of £194,789 were paid to 12 Council Members.

Name	2011/12 £		2010/11 £	
	Fees	Expenses	Total	Total
Peter Douglas	12,000	353	12,353	12,645
Morag Alexander	12,000	4,721	16,721	15,636
Paul Carroll	12,000	833	12,833	12,907
Liam Kite	12,000	1,125	13,125	12,811
Kevin Lewis	12,000	268	12,268	12,762
James Russell	12,000	446	12,446	12,889
Fiona Peel	12,000	717	12,717	13,120
Rob Hogan	12,000	2,513	14,513	13,067
Brian Coulter	12,000	4,487	16,487	15,197
Nick Rumney	14,400	1,410	15,810	16,654
Selina Ullah	7,000	1,681	8,681	0
Anna Bradley	42,000	4,835	46,835	44,852
Geoff Harris	0	0	0	5,897
Total	171,400	23,389	194,789	188,437

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The expenditure incurred on Council members has increased by 3.4% compared to the previous financial year mainly due to increase in activity and meeting frequency. The variations in members' expenses are arising mainly due to travelling distances. In addition, some members are subject to VAT charges, which are irrecoverable to the General Optical Council.

11. Corporate Support costs: Corporate support costs have been allocated to the core departments on a headcount basis.

	2011/12 £	2010/11 £
11a. Human resource costs:		
Staff recruitment costs	60,645	41,678
Training and development	43,115	44,502
Legal fees - employment	37,195	46,396
Other costs	69,289	52,862
Staff costs	125,008	171,145
Total	335,252	356,583

	2011/12 £	2010/11 £
11b. Office and other costs:		
Regulatory subscriptions	0	9,487
Legal fees	35,166	12,686
Facility maintenance costs	340,250	318,093
Staff costs	110,130	168,880
Total	485,546	509,146

Regulatory subscription charge is now shown under the Governance heading and Optical Complaints Service charge is accounted for under the Finance heading

	2011/12 £	2010/11 £
11c. Finance:		
Accounting charges	11,160	7,833
Optical Consumer Complaints Service	133,133	117,194
Organisational re-structure	0	360,065
Staff costs	258,943	144,694
Other costs	16,556	115,889
Total	419,792	745,675

Accounting charges include external auditor interim fees for assistance in relation to charity registration advice (£9,600)

Other costs include credit for a previous year corporate tax over-provision.

**GENERAL OPTICAL COUNCIL
NOTES TO THE FINANCIAL ACCOUNTS
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	2011/12 £	2010/11 £
11d. IT Services:		
Software and licence fees, contracts and maintenance	224,614	118,205
Staff costs	112,511	73,700
Other costs	45,417	29,242
Total	382,542	221,147
Total Corporate Support Costs	1,623,132	1,832,551

The corporate support costs have been charged to the organisation's core departments on the headcount basis. Variances in staff costs between the financial years have occurred predominantly as a result of the organisational re-structure in 2010/2011.

	2011/12 £	2010/11 £
12. Taxation:		
UK Corporation Tax	11,489	14,051
Total current taxation	<u>11,489</u>	<u>14,051</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:		
Surplus/ (Deficit) on ordinary activities before tax	<u>508,467</u>	<u>1,322,441</u>
Surplus/ (Deficit) on ordinary activities multiplied by the standard rate of corporate tax in the UK 20% (2011: 21%)	101,693	(277,706)
Effects of:		
Income not taxable	(90,204)	263,655
	-	-
Current taxation charge for the year	11,489	14,051

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NOTES TO THE FINANCIAL ACCOUNTS
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13. Tangible fixed assets:

	Long Leasehold building and improvements £	Office, furniture and equipment £	IT equipment £	IT development £	Total £
At 1 April 2011	282,934	105,850	136,528	351,189	876,501
Add: Cost of additions	5,441	5,376	11,087	94,071	115,975
Less: Disposals	(74,392)	(17,550)	0	(1,597)	(93,539)
Total at 31 March 2012	213,983	93,676	147,615	443,663	898,937
Less: Depreciation					
1 April 2011	(137,152)	(76,011)	(97,802)	(184,847)	(495,812)
Charged in the year	(25,845)	(18,993)	(39,011)	(132,699)	(216,548)
Disposals	25,631	11,700	0	799	38,130
Total at 31 March 2012	(137,366)	(83,304)	(136,813)	(316,747)	(674,230)
Net book value 31 March 2012	76,617	10,372	10,802	126,916	224,707
<i>Net Book Value 31 March 2011</i>	145,782	29,839	38,726	166,342	380,688

The 999 year lease of the Harley Street building expires in the year 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 historic cost.

	2011/12 £	2010/2011 £
14. Investments:		
Fixed Term Deposit Investments > 1 year	0	1,000,000
Total	0	1,000,000

**GENERAL OPTICAL COUNCIL
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	2011/12 £	2010/11 £
15. Debtors:		
Trade debtors	2,797	1,509
Prepayments	95,793	146,882
Season ticket loan	15,821	5,879
Accrued income	6,417	20,002
Total	120,828	174,272

	2011/12 £	2010/11 £
16. Creditors: Amounts falling due within one year		
Other creditors	418,559	173,232
Corporate tax	11,489	27,114
Other tax and social security	40,303	53,832
Revalidation scheme grant	99,118	187,190
Income received in advance	5,230,965	5,281,806
Accruals	234,963	197,583
Total	6,035,397	5,920,757

Income received in advance in the period January to March 2012 is for the year 1 April 2012 to 31 March 2013.

17. Reserve Funds:

	Income & expenditure reserve (£)	Legal costs contingency reserve (£)	Strategic reserve (£)	Optical education reserve (£)	Total Reserve (£)
As at 01 April 2011	936,516	1,000,000	875,000	94,194	2,905,710
Surplus for the year	496,978	0	0	0	496,978
Transfer In/ (Out)	44,674	0	(44,674)	0	0
As at 31 March 2012	1,478,168	1,000,000	830,326	94,194	3,402,688

The Strategic reserve has been earmarked for 'spend to save' projects, the Legal costs contingency reserve is our best estimate of the consequences of unrecoverable legal costs in either FTP or High Court proceedings. From the Strategic reserve in 2011/12 a total of £44,674 has been spent on the integration of ICT systems project. The Income and expenditure reserve provides for unexpected fluctuations in income or expenditure.

**GENERAL OPTICAL COUNCIL
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FOR THE YEAR ENDED 31 MARCH 2012**

18a. Cash flows – Reconciliation of operating surplus to net cash inflow from operating activities:

	2011/12 £	2010/11 £
Operating surplus/ (deficit)	508,467	1,322,441
Depreciation & amortisation	216,548	208,657
Assets written off	55,409	0
Interest	(35,227)	(55,742)
(Increase)/decrease in debtors	53,444	(76,445)
Increase/ (decrease) in creditors	114,641	(500,999)
Cash flow from operating activities	913,282	897,912

18b. Cash flows – Analysis of cash flows for headings netted in the cash flow

Returns on investments and servicing finance		
Interest received	35,227	55,742
Returns on investments and servicing of finance	35,227	55,742

18c. Capital expenditure and financial investment

Purchase of tangible fixed assets	(113,416)	(269,984)
Capital expenditure and financial investment	(113,416)	(269,984)

18d. Management of liquid resources

(Increase)/ Decrease in deposits	1,607,236	983,487
Management of liquid resources	1,607,236	983,487

18e. Cash flows – Analysis of net funds:

	At 1 April 2011 £	Cash flow £	At 31 March 2012 £
Net Funds	5,754,994	2,428,278	8,183,272

**GENERAL OPTICAL COUNCIL
NOTES TO THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

19. 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 total amount paid during the year was £108,395 (2010/11: £92,493).

20. Commitments under operating leases

At 31 March 2012 the Council has annual commitments under non-cancellable leases as follows:

	2011/12	2010/11
	£	£
LAND AND BUILDINGS		
More than one year	325	325

	2011/12	2010/11
	£	£
Office Equipment lease		
No more than one year	0	6,956
More than one year and no more than five years	4,810	4,809