

*Association
of
Optometrists*

***Annual Report and Financial
statements***

31 December 2010

Company Registration Number
404790 (England and Wales)

Directors Mrs J Bell
M E Bickerstaffe
V G Bush
M N Charlton
M R George
Ms A M McClune
Dr D M Shannon (Chairman)
Miss T Sivapalan
L R Taylor
K Thompson
T J Warburton

Company secretary S A King

Chief executive R G Hughes

Registered office 61 Southwark Street
London
SE1 0HL

Registered number 404790 (England and Wales)

Auditors Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Contents

Reports

Directors' report	1
Directors and Councillors	6
Independent auditor's report to the members	7

Financial statements

Income and expenditure account	9
Balance sheet	10
Principal accounting policies	11
Notes to the financial statements	13

Directors' report 31 December 2010

The Board of Directors presents its report with the financial statements of the Association for the year ended 31 December 2010.

The Association is a company limited by guarantee, having no share capital. In the event of the Association being wound up, every member has undertaken to contribute to its assets a sum not exceeding £5.

Principal activities

The principal activities of the Association are to:

- ◆ represent individual optometrists, whatever their mode of practice. The Association also represents a small number of dispensing opticians;
- ◆ promote the professional and clinical independence of its members and the profession;
- ◆ encourage and assist in the development and promotion of high standards of practice;
- ◆ establish suitable arrangements for the defence, in disciplinary and professional matters, of all members, whether in practice as principals, assistants, employers or employees;
- ◆ advise on commercial, economic, legal and administrative aspects of practice;
- ◆ represent the interest of all of its members in negotiations for fees, other remuneration, conditions and terms of service, where appropriate; and
- ◆ represent and promote the interests of all of its members to Parliament, Government and other institutions in the United Kingdom and the European Union.

Review of business

A summary of the year's activities is given on page 9 of the financial statements.

The Association reports an operating surplus for the year of £515,987 compared to a surplus of £366,580 in the previous year. After adjustments for realised surpluses on the sale of investments, investment income, interest payable, losses of the Joint Venture and corporation tax there was a surplus of £567,083 (2009-£350,802).

The Association has re-negotiated the contract for the publication of OT magazine and now employs the editorial and production team. This has resulted in cost savings within the category of Services to Members as the salaries and employment costs of the OT staff are aggregated and disclosed as part of the Association's staff costs.

The Association has achieved further savings in the cost of members' insurance through its protected cell arrangements with Windward Insurance PCC Limited in Guernsey. At the same time the cover limit was increased to £5 million, a sum in line with the highest levels provided for medical professionals. The Association has for a number of years made provision for the self-insured excess on claims under its clinical malpractice insurance policy. During the year a number of such provisions were reduced or released as claims have either been withdrawn or proceedings have not been served.

Review of business (continued)

The Association continues to incur considerable costs in the defence of members either from the sector regulatory framework or from disagreements arising under the operation of the GOS contract. The Association recognises that to the extent that members interests can only be satisfied by Judicial Review or costly legal proceedings, adequate financial resources should be maintained for just such an eventuality. In 2006 the Association created, by transfer from General Reserves, a Strategic Defence Reserve with a target level of £250,000. The Finance Sub Committee have recommended an increase in the level of this Reserve and a further transfer of £50,000 has been made from the surplus for the year.

Income from subscriptions increased by £130,000 during the year. Subscription rates were unchanged from the previous year at £581 for full membership and the growth in income derives from a further increase in members to 10,483.

During the year the Association completed the purchase of its new headquarters in Clerkenwell. The process of conversion to offices is under way and finance has been secured for this from the sale of investments and from a commercial mortgage from the Association's bankers. Arrangements have been put in place to equalise any significant increases in the cost of borrowing.

Further investment to improve and update the Association's member database and websites has also been undertaken during the year.

Future developments

The AOP is committed to working in collaboration with the other optical bodies through the Optical Confederation, and with the wider sector including the sight loss charities as part of the UK Vision Strategy. It has enabled us to widen the reach of optometry, and enhanced our ability to influence our future. It is noticeable that when we speak with one voice we are more likely to be listened to and, most importantly, we are better able to influence the future of optometry in the new NHS.

Part of our lobbying effort has centred around the effectiveness and appropriateness of national and local health regulation. Significant change at the General Optical Council in 2010, including the appointment of a new Chairman Anna Bradley, gives us considerable hope that we will see a more responsive and proportionate GOC.

Our political lobbying over the last two parliaments directly led to Primary Ophthalmic Services being placed with the new National Commissioning Board. As this new body takes shape during 2011 and prepares to start work, we will engage with them to develop the detail of how the three levels of community based ophthalmic services will be delivered. The GOS contract in England is too complex and has been open to over-zealous interpretation by Primary Care Trusts. We are negotiating hard to ensure that this national contract is subject to agreed interpretations, and that Optometric Advisers are properly recruited and trained as part of a national approach to contract compliance and sustaining clinical quality.

The core purpose and activity of the AOP is insuring our members and defending them against attack by regulators, in Fitness To Practice cases and in NHS tribunals and this work will continue to account for the largest part of our expenditure.

Future developments (continued)

2011 got off to a good start when we over-turned an over-harsh Fitness To Practice judgement in the High Court. The AOP Board remains committed to ensuring that these services continue to be properly resourced.

The LOC Support Unit is a vital building block in advancing the profession with one coherent national message delivered across England. In the new NHS, optometry would be floundering without LOCSUs work on patient pathways, accreditation and training. In Wales, LOCSU continues to assist Optometry Wales in their work to build on the highly successful Welsh Eye Care Initiatives. They are also facilitating the regular exchange of ideas and contact between the negotiators from the four UK Nations.

Through our stable of OT publications and electronic outlets we intend to remain at the forefront of communications developments and we will develop our ability to inform, advise and educate the profession with authority through modern and convenient communication methods.

In 2011 we will move into larger offices in Woodbridge Street, Clerkenwell. This is a confident statement of the AOP's determination to grow and develop its range of member services and it is an investment in the future of the profession. It will also play its part in reducing the cost of running the Association.

Councillors

The names of the Councillors, including those who were Directors during the year, appear on page 6 of the annual report.

Directors' indemnity arrangements

The Association provides directors' and officers' liability insurance giving appropriate cover for legal action brought against its Directors and has also agreed to indemnify Directors in circumstances where they are not considered to be culpable. The indemnity, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006, is for the benefit of all of the Association's current Directors. Details of the premiums paid in respect of these arrangements are recorded in note 3 to the financial statements.

Directors' responsibilities

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare the financial statements for each financial year which give a true and fair view of the state of the affairs of the Association and of the surplus or deficit of the Association for the period. In preparing those financial statements, the Directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;

Directors' responsibilities (continued)

- ◆ follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- ◆ 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 Association and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms that:

- ◆ so far as the Director is aware, there is no relevant audit information of which the Association's auditors are unaware; and
- ◆ the Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website.

Fixed assets

Acquisitions and disposals of fixed assets are recorded in the notes to the financial statements.

Corporate governance

The Board of Directors has established two sub-committees with written terms of reference.

The Finance Sub-Committee, which is chaired by the Chairman of Finance, functions as an audit committee and reviews the quarterly management financial statements of the Association, reporting on them to the Board. It reviews the annual financial statements with the external auditors, reviews their management letter and discusses any issues arising from the audit with them.

The Remuneration Sub-Committee, which is chaired by the nominated Vice President, is responsible for approving remuneration levels of all staff of the Association and for making recommendations to the Board as to the level of fees to be paid to Councillors, Directors, Committee Chairmen and the AOP Chairman.

Risk management

The directors have assessed the major risks to which the Association is exposed, in particular those relating to the specific operational areas of the Association, its investments and its finances. The Directors believe that by ensuring controls exist over key financial systems, by monitoring reserve levels and by examining the operational and business risks faced by the Association, they have established effective systems to mitigate those risks.

Reserves policy

As explained above, the Association carries out a diverse range of activities requiring significant ongoing financial commitment and investment. The Directors have instructed the Finance Sub-Committee to keep the reserves policy under review and have accepted the recommendation of this committee that the level of the General Reserve should be within a range of 2-3 months' operating expenses after providing for a separate Strategic Defence Reserve. The purpose of this reserve is to enable the Association on behalf of its members, to conduct a defence against threats of a regulatory, fiscal or political nature. Such defence will be conducted up to the highest level of appeal permitted by law. The Finance Sub-Committee recommends that this reserve be increased from £250,000 to £300,000. After adjusting for the net book value of fixed assets and the related bank loan, the level of General Reserve at 31 December 2010 was below the target range.

The Benevolent Fund of the College of Optometrists and Association of Optometrists

The Association now appoints three trustees to The Benevolent Fund of the College of Optometrists and Association of Optometrists. The Fund exists to provide charitable benefit to members of the profession and their dependants facing financial hardship. The Board of Directors encourages members of the Association to contribute to the Fund to help their less fortunate colleagues and their dependants. The financial statements of the Benevolent Fund are consolidated in the financial statements of the College of Optometrists and a copy of the financial statements of the College of Optometrists can be obtained from the College's Secretary.

The Association made a donation of £18,980 to the Benevolent Fund in 2010. The Board has decided that the Association will continue with its policy of an annual donation to the Benevolent Fund based upon its level of full membership.

Auditors

A resolution proposing that Buzzacott LLP be reappointed as auditor of the company will be put to the Annual General Meeting.

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Signed by order of the Board of Directors by:

David Shannon
Director

Date of approval: 9 March 2011

Councillors 31 December 2010

The Councillors who served in the year ended 31 December 2010 were as follows:

Bardolia K	McClune Ms A M *
Bell Mrs J *	McGregor A
Bickerstaffe M E*	Mohammad Mrs M
Blair WE	O'Connor Miss V
Bowers Mrs S R	Pope Mrs V
Bradford P	Poptani Mrs A
Bush V G *	Purslow Dr C
Cadman E J	Radhakrishnan Dr H
Campbell H M	Rath K A
Charlton M N *	Rob N
Clark S P	Rodger R
Cottam CV	Roper Miss N
Curran B J	Rudduck Dr G
Cuthbert Mrs R	Shah Miss D
Davies Dr L	Shannon Dr D M*
Dean-Perrin J	Shaw I W
Frost Mrs EC	Sivapalan Miss T *
Gales K	Taylor L R*
George M R *	Thompson K *
Goacher J H	Tilley Mrs H
Goh D	Wallace K
Ilett G	Warburton T J*
Kay A Miss	Ward R
Kothari P	Warren P J
Leighter Mrs S B	Wass C R
Leslie Mrs G	Waugh J
Little Dr J-A	White Ms L
Marchetti Miss F	Wingate N

* Indicates the Directors of the Association who served during the period and, in order to comply with Companies Acts, only the election and resignation of the Directors are shown above.

Michael George, Alison McClune, David Shannon and Kevin Thompson retired by rotation at the AGM in May 2010 and were re-elected.

Independent auditor's report to the members of Association of Optometrists

We have audited the financial statements of Association of Optometrists for the year ended 31 December 2010, which comprise the income and expenditure account, the balance sheet, the principal accounting policies, 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 company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out in the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its surplus for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Mark Farmer, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

9 March 2011

Income and expenditure account Year to 31 December 2010

	Notes	2010 £	2010 £	2009 £	2009 As amended (see note 1) £
Income					
Members' subscriptions			5,230,368		5,100,289
Other income	1		1,404,787		1,368,226
			6,635,155		6,468,515
Expenditure					
Direct professional services	2		2,762,935		3,137,364
			3,872,220		3,331,151
Staff costs	3	2,189,412		1,847,998	
Depreciation	6	143,848		209,503	
Other operating charges	4	1,022,973		907,070	
			3,356,233		2,964,571
Operating surplus for the year			515,987		366,580
Profit(loss) on sale of listed investments			81,585		(59,767)
Interest payable and other charges		(16,266)		(904)	
Income from listed investments		16,663		31,811	
			397		30,907
Surplus on ordinary activities before taxation			597,969		337,720
Provision for losses in Joint Venture	9		(31,398)		—
			566,571		337,720
Taxation credit	5		512		13,082
Surplus for the financial year	15		567,083		350,802

The Association has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

None of the Association's activities were acquired or permanently discontinued during the above two financial periods.

There is no difference between the surplus on ordinary activities before taxation and the surplus for the financial year stated above, and their historical cost equivalents.

Balance sheet Year to 31 December 2010

	Notes	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	6		3,782,672		3,322,176
Investments	7		338,250		704,146
			4,120,922		4,026,322
Current assets					
Stocks		17,106		48,239	
Debtors	10	934,621		917,828	
Investments		—		240,000	
Cash at bank and in hand		509,654		1,215,491	
		1,461,381		2,421,558	
Creditors: amounts falling due within one year	11	(1,814,593)		(4,310,667)	
Net current liabilities			(353,212)		(1,889,109)
Total assets less current liabilities			3,767,710		2,137,213
Creditors: amounts falling due after more than one year	12		(1,147,115)		—
Provision for liabilities	14		(286,080)		(369,781)
Net assets			2,334,515		1,767,432
Reserves					
Accumulated funds	15		2,334,515		1,767,432

The financial statements on pages 9 to 19 were approved by the Board of Directors and signed on their behalf by:

David Shannon
Director

Lyndon Taylor
Director

Date of approval: 9 March 2011

Association of Optometrists
Company registration number : 404790 (England and Wales)

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

The Association and its subsidiary companies qualify to be treated as a small sized group. The Association has therefore taken advantage of the exemption provided by section 383(4) of the Companies Act 2006 not to prepare group financial statements. The financial statements present information about the Association as an individual undertaking.

Cash flow

The financial statements do not include a cash flow statement because the Association, as a small company, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 (Cash Flow Statements).

Income

- ◆ Members' subscriptions are credited to the income and expenditure account in the year to which they relate. Subscriptions received in advance are carried forward to the following year.
- ◆ Income from support services to members is credited to the income and expenditure account in the year to which it relates.
- ◆ Sundry donations are credited to the income and expenditure account in the year of receipt.

Tangible fixed assets

Depreciation is provided at the following annual rates, from the date the asset is brought into use, in order to write off each asset over its estimated useful life:

- | | |
|--|-------------------|
| ◆ Leasehold property fittings | term of the lease |
| ◆ Computer equipment, websites and membership database | 33% on cost |
| ◆ Office equipment | 25% on cost |
| ◆ Office furniture and fittings | 10% on cost |
| ◆ Motor vehicles | 25% on cost |
| ◆ Freehold property | 2% on cost |

Investments

Investments are included at cost, less provision for any permanent diminution in value.

Joint Venture

The Association's share of the results of the Joint Venture are accounted for using the equity method.

Stocks

Stocks, which consist of finished goods, are valued at the lower of cost and estimated net realisable value.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account on a straight line basis over the lease term.

Assets obtained under finance lease are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives.

The finance element of rental payments under finance lease are charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Pension costs

The Association operates a defined contribution scheme for employees where the contributions are charged to the income and expenditure account of the year in which they are payable to the scheme.

Clinical malpractice insurance claims excess

The Association arranges clinical malpractice insurance for its members under which any unrecovered costs which exceed the policy excess are borne in full by insurers. At the end of the financial year all expenses incurred are written off and provision is made, up to the limit of the excess, for all claims outstanding where it is thought probable that the Association will become liable for costs. The provision covers claims arising in the policy years to which the excess relates.

No provision is made in respect of claims notified where the possibility of costs arising in respect of the matter is considered remote.

1 Other income

	2010	2009
	£	As amended (see below) £
Central (Local Optical Committee) Fund support for Association's activities	79,325	72,050
Income from support services to members	1,325,462	1,296,176
	1,404,787	1,368,226

Income from Optometry Today and conferences for members was previously stated net of related costs. Income and the cost of services to members and the related cost of conferences and congresses is now stated gross and the 2009 comparatives have therefore been amended for consistency.

2 Direct professional services

	2010	2010	2009	2009
	£	£	£	As amended (see note 1) £
Services to members		1,991,323		2,455,520
Defence of members' legal expenses		133,067		91,580
Insurance claims excess provision (note 14)		120,336		114,708
Councils and committees		187,745		153,446
Councillors' allowances/honoraria		167,829		159,930
Members' handbook and red book		637		4,516
Conferences and congresses		165,333		163,573
Sales of forms	(13,497)		(16,669)	
Less: Cost of sales	10,162		10,426	
		(3,335)		(6,243)
CET Events (net)		—		334
		2,762,935		3,137,364

Services to members includes the production and related costs of Optometry Today. In 2010, the editorial and production team became employed directly by the Association and their costs are therefore included in note 3 as staff costs rather than within services to members.

3 Staff costs

Staff costs were as follows:

	2010	2009
	£	£
Wages and salaries	1,798,916	1,519,612
Social security costs	205,969	176,240
Pension costs	99,203	83,462
Other staff costs	85,324	68,684
	2,189,412	1,847,998

Pension costs represent contributions of £99,203 (2009 - £83,462) to the defined contribution scheme.

3 Staff costs (continued)

The following Directors were paid the following amounts for services as consultants or employees during the year:

	2010 £	2009 £
L Taylor	6,020	—
T Warburton	19,128	22,336
	25,148	22,336

Members of the Council and the Board of Directors are entitled to an allowance for their services at the rate of £220 per day.

Allowances amounting to £148,537 (2009 - £140,638) have been paid to Councillors during the year, including allowances and honoraria paid to Directors of £86,633 (2009 - £81,208).

Certain senior officers of the Council received a total of £19,292 (2009 - £19,292) in honoraria towards expenses incurred in the carrying out of their duties.

A professional indemnity insurance premium of £24,307 (2009 - £23,783) was paid by the Association for Directors and certain staff members in respect of their services to the Association.

A personal accident policy premium of £6,825 (2009 - £6,825) was also paid on behalf of Directors, Officers and staff members of the Association.

4 Other operating charges

	2010 £	2009 £
Rent, rates, light, heating, cleaning, telephone and general insurance	271,365	277,061
Printing, stationery and postage	111,113	111,891
Professional charges	65,258	59,749
Auditors' remuneration - Audit	24,000	23,000
Auditors' remuneration - Non-audit	6,500	3,600
Travelling and sundry expenses	77,280	85,023
Bank charges	66,910	30,310
Donations and subscriptions	72,880	53,589
Computer charges	155,763	115,006
Publicity and exhibitions	13,196	42,079
Staff training and recruitment costs	26,905	19,148
Irrecoverable Value Added Tax	131,803	86,614
	1,022,973	907,070

Included in rent, rates, light, heating, cleaning, telephone and general insurance is property rent of £157,460 (2009 - £157,460).

Included in computer charges are operating lease payments of £12,786 (2009 - £13,760).

Finance lease costs of £503 (2009 - £904) were incurred during the year.

5 Taxation

The tax credit for the year was as follows:

	2010 £	2009 £
Corporation tax at 21% (2009 - 21%)	—	—
Adjustment in respect of previous years	(512)	(13,082)
	(512)	(13,082)

The Association is a mutual trade association and is accordingly only subject to taxation on its unfranked investment income, its untaxed interest, and any chargeable gains arising from the disposal of listed investments.

6 Tangible fixed assets

	Freehold land and buildings £	Short leasehold property fittings £	Office furniture, fittings & equipment & computers £	Motor vehicles £	Total £
Cost					
At 1 January 2010	3,059,548	405,361	817,305	21,070	4,303,284
Additions	335,647	—	268,697	—	604,344
At 31 December 2010	3,395,195	405,361	1,086,002	21,070	4,907,628
Depreciation					
At 1 January 2010	—	280,088	689,167	11,853	981,108
Charge for year	—	33,406	105,174	5,268	143,848
At 31 December 2010	—	313,494	794,341	17,121	1,124,956
Net book values					
At 31 December 2010	3,395,195	91,867	291,661	3,949	3,782,672
At 31 December 2009	3,059,548	125,273	128,138	9,217	3,322,176

The net book value of office furniture, fittings and equipment and computers includes an amount of £2,524 (2009 - £5,050) in respect of assets held under finance leases. Depreciation charged on these assets was £2,526 (2009 - £4,051).

7 Investments

	2010 £	2009 £
Investment in Sight Care Services Limited	2	2
Investments in dormant subsidiary undertakings	8	8
Listed investments (Note 8)	138,240	689,504
Investment in Joint Venture (Note 9)	—	14,632
Investment in Windward Insurance PCC Limited (see below)	200,000	—
	338,250	704,146

7 Investments (continued)

The Association has a special share of £2 in Sight Care Services Limited, the principal purpose of which is to maintain the requirement that all Sight Care Services Limited participants should be members of the Association of Optometrists.

The Association has a one third interest in LOC Central Support Unit, a company limited by guarantee, incorporated in England and Wales. In the event of the LOC Central Support Unit being wound up, each member has undertaken to contribute to its assets a sum not exceeding £10. The surplus for the year ended 31 March 2010 was £144,258 and the company's total reserves at that date were £267,325. The Association has no beneficial right to receive profits under the constitution.

The Association has invested in a protected cell company, Windward Insurance PCC Limited, a company incorporated in Guernsey. During the year, the Association subscribed £200,000 for 2 cell shares of which £100,000 was uncalled as at 31 December 2010. The uncalled amount is therefore included in creditors.

Windward Insurance PCC Limited has an accounting reference date of 31 March. Based on management accounts as at 31 December 2010, the net assets of the Association's cell within Windward Insurance PCC Limited were £149,000 (excluding uncalled share capital of £100,000) and the surplus for the year and profit and loss account reserve was £49,000.

8 Listed investments

Investments listed on recognised stock exchanges in the United Kingdom and overseas:

	2010 £	2009 £
Cost at 1 January	689,504	841,411
Additions	—	154,030
Disposals	(551,264)	(305,937)
Cost at 31 December	<u>138,240</u>	<u>689,504</u>
Represented by:		
UK listed investments	116,668	612,851
Overseas listed investments	21,572	76,653
	<u>138,240</u>	<u>689,504</u>
Market value at 31 December	<u>180,605</u>	<u>807,611</u>

9 Investment in Joint Venture

During 1997 the Association entered, under English law, into a partnership called the Vision Education Partnership with the Southern Council of Optometrists Inc. The Partnership Agreement was approved by the General Council in September 1997 and the Joint Venture is based at the Association's offices.

The aim of the partnership is to combine the expertise of the two partners in providing a biennial educational congress.

Notes to the financial statements 31 December 2010

9 Investment in Joint Venture (continued)

	2010 £	2009 £
The movement on investment during the year was:		
At 1 January	14,632	25,688
Increase (decrease) in funding	16,766	(11,056)
Provision	(31,398)	—
At 31 December	—	14,632

The Association has an interest of 66.67% in the results of the Joint Venture. The Joint Venture's deficit for the year to 31 December 2010 was £37,590 (2009 – deficit £3,454).

The total net liabilities at 31 December 2010 of the Joint Venture were £11,706 (2009 net assets - £18,786).

Advantage has been taken of the exemption conferred under Regulation 7 of the Partnerships (Accounts) Regulations 2008.

10 Debtors

	2010 £	2009 £
Trade debtors	320,972	319,280
Amounts owed by undertakings in which the company has a participating interest	277,695	183,533
Other debtors	150,596	227,282
Prepayments	185,358	187,733
	934,621	917,828

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	312,166	214,047
Obligations under finance leases	—	5,940
Social security and other taxes	89,266	66,767
Subscriptions prepaid	957,606	939,641
Other creditors (see below)	100,000	2,785,818
Accruals and deferred income	112,780	298,454
Bank loan (see note 12)	242,775	—
	1,814,593	4,310,667

In 2009, other creditors represented the balance due on completion of purchase of the freehold land and buildings. In 2010, the balance relates to the uncalled subscription amount in respect of the shares in Windward Insurance PCC Limited (note 7).

12 Creditors: Amounts falling due after one year:

	2010 £	2009 £
Bank loan	1,147,115	—
The bank loan is repayable as follows:		
Due within one year	242,775	—
Due between one and two years	250,000	—
Due between two and five years	750,000	—
Due in five years or more	147,115	—
	1,389,890	—

The bank loan is secured over the freehold property of 2 Woodbridge Street and is repayable over ten years by monthly instalments (including interest) of £25,175. The interest rate is set at 2% above the base rate with the base rate capped at 3%.

13 Obligations under finance leases

	2010 £	2009 £
Due within one year	1,980	3,960
Due within two to five years	—	1,980
	1,980	5,940

14 Provision for liabilities

	<i>Professional insurance claims excess £</i>
Balance at 1 January 2010	369,781
Increase in provision	233,727
Provisions reversed during the year	(101,890)
Amount utilised in the year	(215,538)
Balance at 31 December 2010	286,080

Claims excess

The Association provides clinical malpractice insurance to its members. A provision of £286,080 has been made in respect of excesses on those claims where there is a probability that the Association will be required to meet the uninsured claim or costs.

15 Reconciliation of movements on reserves

	Strategic Defence Reserve	General Reserve	<i>Total £</i>
Opening reserves at 1 January 2010	250,000	1,517,432	1,767,432
Surplus for the financial year	—	567,083	567,083
Transfer to Strategic Defence Reserve	50,000	(50,000)	—
Closing reserves at 31 December 2010	300,000	2,034,515	2,334,515

16 Commitments

The Association has annual obligations under non-cancellable operating leases as follows:

	2010		2009	
	Property £	Other £	Property £	Other £
Expiring within two to five years	105,579	12,786	105,579	13,760
Expiring within one year	—	—	51,881	—

The Association had capital commitments in respect of work on the freehold property of £956,688 as at 31 December 2010 (2009 - £nil).

17 Related party transactions

Payments made to Councillors are disclosed in notes 2 and 3.

During the year, the Association subscribed £200,000 for 2 cell shares in Windward Insurance PCC Limited, a protected cell company, of which £100,000 was uncalled as at 31 December 2010. The Association paid a premium of £400,000 (plus insurance premium tax) to the cell during the year in respect of clinical malpractice insurance.

During the year under review, the Association incurred various expenses totalling £21,171 (2009 - £5,458) on behalf of the LOC Central Support Unit, a company limited by guarantee in which the Association has a participating interest.

Additionally, the Association charged LOC Central Support Unit £121,179 (2009 - £68,420) for administration and support services provided and recharged a total of £63,000 (2009 - £60,660) in respect of accommodation, telephone, printing, postage and stationery expenses.

As at 31 December 2010, the balance owed by LOC Central Support Unit was £277,695 (2009 - £183,533). This has been settled since the year end.

18 Contingent liabilities

The Directors consider that adequate provision has been made for the liability to the Association for costs arising from claims made against members under the clinical malpractice and product liability insurance policies. The possibility of material additional unprovided claims is therefore considered to be remote.

19 Ultimate control

For the two years ended 31 December 2010, there was no one controlling party.