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REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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REFERENCE AND ADMINISTRATIVE DETAILS

Action against Medical Accidents *(also known as "AvMA")*

Company number
2239250

Country of incorporation
England

Charity number
299123

Country of registration
England

OSCR number
SCO39683

Registered and principal office address
Freedman House
Christopher Wren Yard,
117 High Street
CROYDON,
CR0 1QG

Patrons
Peter Ransley
Honorary President
James Titcombe OBE
Baroness Masham of Ilton
Umesh Prabhu
James Badenoch QC
Dame Professor Donna Kinnair

Honorary officers
Suzanne Shale
Chair
Malcolm Alexander
Vice-Chair (resigned June 2017)
Hilary Scott
Vice-Chair (from September 2017)
Angela Brown
Treasurer

Trustees
Malcolm Alexander
(resigned June 2017)
Moi Ali
(appointed June 2018)
Michael Andersson
(appointed September 2017)
Angela Brown
Caroline Browne
(appointed September 2017)
Philip Dolan MBE
(resigned December 2017)
Ava Easton
(appointed September 2017, resigned November 2017)
Ceri Edwards
(resigned May 2017)
Jonathan Hazan
(appointed September 2017)
Nigel Holland
Linda Kenward
(appointed September 2017)
James Petter
(resigned December 2017)
Barbara Ross
(resigned December 2017)
Hilary Scott
Suzanne Shale
Rachael Vasmer

Key management personnel
Peter Walsh
Chief Executive
Hugh Williams
Deputy Chief Executive

Bankers
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DL10 4TB

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Independent financial advisors
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Chartered Accountants and
Statutory Auditors
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Solicitors
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REPORT OF THE COUNCIL OF MANAGEMENT

The Council of Management presents its report and the audited financial statements for the year ended 31 March 2018.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102, effective 1 January 2015.

OBJECTIVES AND ACTIVITIES

The chief objects of the charity described in the memorandum of association are:

“The relief of sickness and conditions of need, hardship and distress arising as a result of medical accidents” and;

“To advance public education in the care of victims of medical accidents and in the law relating to such accidents”.

In ordinary language trustees believe our purpose can best be described as “to support people affected by avoidable harm in healthcare; to help them achieve justice; and to promote better patient safety for all”.

OUR BENEFICIARIES

AvMA’s beneficiaries are people who have been affected by avoidable harm in healthcare and who are directly helped by our services; and others who benefit from the changes in policy and practice we bring about through our public education and influencing work. Below we describe how we help our beneficiaries through our main activities.

OUR KEY ACTIVITIES, INCLUDING ACHIEVEMENTS AND PERFORMANCE IN 2017-2018

2017-2018 was AvMA’s 35th Anniversary year. We held a number of successful events around the country to celebrate this, raise awareness of the charity and to raise funds. We are extremely grateful to all our supporters and sponsors for the appreciation and support they have shown. The achievements of particular note during the year were:

- Increasing the number of people we helped directly by over 10% and far more through our self-help materials as a result of changes introduced
- Raising awareness of the dangers of the Government’s plans to introduce ‘fixed recoverable costs’ in clinical negligence and building a coalition to avert or mitigate this which has already begun to make an impact
- Taking the lead in arguing against plans to introduce a ‘safe space’ in local NHS patient safety investigations, which would prohibit sharing information with injured patients or their families
- Supporting the introduction of a statutory duty of candour in Scotland and plans to do so in Wales and Northern Ireland

ADVICE, INFORMATION AND SUPPORT

The advice and support we provide to people affected by avoidable harm in healthcare is at the very heart of what AvMA does, and the experience of our clients informs everything we do. In 2017-2018 we directly helped 3,305 people (compared with 2,840 in 2016-2017), with many others benefitting from our self-help guides and online information.

Our helpline provides specialist, sympathetic support to people when they are coping with the trauma of their experience. It reassures them that an organisation exists which understands their plight and is here to help them. Our helpline staff and volunteers help explain people's rights, how different medico-legal processes and procedures work, and puts people in touch with other specialist support where needed. We are grateful to our team of 60 trained volunteers who help us make this service available Monday-Friday 10am-3.30pm.

In 2017-2018 we handled 2,500 calls (up from 2,082 in 2016-2017), often involving extremely serious and complex cases. Ours is the only specialist medico-legal helpline in the UK and can get very busy. Following a review we made changes in 2016-2017 to our website to encourage use of our self-help materials as an alternative to phoning the helpline where appropriate. Downloading of our self-help materials continued to increase in 2017-2018, with 11,580 leaflets being downloaded in total averaging 2,895 per quarter (compared with 2,000 in the last quarter of 2016-2017).

AvMA's caseworkers often provide in-depth advice that would not be available from any other agency. Sometimes, the referral of a healthcare professional to their regulator may be recommended, or the case may have broader lessons for patient safety, or are connected with one of AvMA's campaign priorities. In 2017-2018 we opened 717 new casework files (compared with 689 in 2016-2017).

IMPACT

Callers to our helpline and recipients of our written casework service feel understood and supported at a time of extreme stress and anxiety. They are enabled to make better informed decisions about what to do next through our specialist advice and are better equipped to make use of the procedures available to them. Often, this enables them to access a specialist solicitor and eventually obtain compensation; and/or, to have their complaints or concerns properly addressed and resolved; and/or to achieve measures to protect other patients/improve patient safety.

It's brought a lot of relief to me and my partner, who's just had to go through a traumatic ordeal. I'd just like to say thank you very much for your help and it's a great helpline."

AvMA HELPLINE CLIENT

"I have called your helpline a few times now and always been given great information regarding my concern. The info I was given the last time I have taken on board and contacted the GMC – this has also given me other links to contact to help with my concern. It has actually opened up a whole different avenue."

AvMA HELPLINE CLIENT

An important part of our casework is the support we provide to families involved in healthcare related inquests. This helps ensure that families are empowered in the process, and maximises the opportunity for the right questions to be asked and learning to come from the inquest. Whereas NHS bodies and individual health professionals are usually legally represented at inquests, bereaved families are often not. We try to address this uneven playing field through our inquest support service.

Often this involves AvMA in intensive work instructing counsel to represent the family. This service is made possible by the generous donation of time by barristers, but also involves a huge investment of time and effort in our staff instructing the barrister, supporting the family, and attending the inquests.

We helped eight families in this way over the year and started preparatory work for representing other families. A number of important verdicts were arrived at, which may not have been had we not been involved and families gained a better insight into the circumstances leading to their family member's death.

In addition we gave advice to a further 80 families who were facing a forthcoming inquest, to help them prepare and/or to get legal representation at the inquest. In 2016-2017 we oversaw representation at inquests for more families than in 2017-2018 (13 families) but advised significantly fewer (56) .

IMPACT

Families who have lost a family member as a result of avoidable harm in healthcare are legally represented and feel empowered to have the right issues and questions addressed at inquests. The coroner is sometimes helped to recognise issues that need to be addressed to protect future patients / improve patient safety and to issue a 'prevention of future deaths' letter.

"This wonderful organisation I can not praise highly enough. Their support through a gruelling two-day inquest into my brother's death, found to be via numerous instances of neglect by the hospital, was invaluable."

AvMA INQUEST CLIENT

"Having been dreading the day and incredibly stressed about it, thanks to your help we ended feeling empowered. The fact that you were available several times on the day by telephone, at such short notice, went above and beyond what we could have ever expected."

AvMA INQUEST CLIENT

POLICY AND EXTERNAL RELATIONS (INFLUENCING POLICY & PRACTICE)

Whilst the direct support we provide to our beneficiaries – people whose lives have been affected by safety failures – is vitally important in its own right, it also informs our policy and campaigns work. It fuels our passion to bring about changes that will benefit many more people than we can ever reach ourselves. AvMA had a particularly busy year in 2017-2018 in terms of contributing to important policy initiatives and debates, which fell full-square in our area of concern and expertise. Increasingly AvMA is expected to take a lead on issues around patient safety and access to justice on behalf of patients.

Government proposals for fixed recoverable costs in clinical negligence continued to be a key area of concern. Together with others, we were able to exert considerable influence. We worked closely with other organisations representing patients and legal organisations and submitted a powerful response to the Department of Health consultation. We believe this helped keep the limit for cases that would fall into the new regime to those with damages of

£25,000 or less, whilst many were arguing for £250,000 or more. Also, our campaigning led to terms of reference for the Civil Justice Council working party looking at fixed costs being more widely couched to look at different options and to consider the impact on patient safety and access to justice.

We also responded to consultation on a proposed rapid resolution and redress scheme in England as an alternative to litigation for brain damaged baby maternity cases. Whilst we acknowledged the potential benefits of such an alternative approach, we pointed out various dangers with the proposals as they stood and made suggestions for an improved version of the scheme. The Government is yet to respond with its updated proposals.

In September the Government published a draft Health Service Safety Investigations Bill. Whilst much of the draft Bill is welcome, for example putting the Healthcare Safety Investigation Branch (HSIB) on a more independent statutory footing, it also introduced highly controversial

proposals for a so-called 'safe space'. These include a prohibition on sharing any information obtained by HSIB (and more controversially by NHS trusts accredited by HSIB to conduct investigations under 'safe space'), including prohibiting sharing such information with the patients/families concerned. AvMA were certainly seen as taking the lead on arguing against these proposals and raising awareness of the dangers of them (not least the fact they would be at odds with the duty of candour we fought so hard to get). We are hopeful that our work, with the support of others, will lead to revised proposals.

We took part in the 'Learning from Deaths' programme which was prompted by the Care Quality Commission (CQC) report *Learning, Candour and Accountability* (CQC, 2016). The programme will produce guidance for trusts and for families and other initiatives aimed at improving the way that investigations of deaths in the NHS in England are carried out and the way families are responded to. We are hopeful that

“Challenging the medical profession and the NHS when the going is tough anyway takes a lot of strength and resources. The system seems weighted against the patient. Expert advice and support from an independent body is so useful and appreciated.”

AvMA CLIENT

“AvMA has shone a light on medical negligence over 35 years. It has been the patient voice in any discussion that we have on patient safety and it can help us to doggedly pursue the truth.”

DAME DONNA KINNAIR,
ACTING CHIEF EXECUTIVE,
ROYAL COLLEGE OF NURSING

this will also lead to more systemic changes such as better enforcement of the duty of candour and funding for independent advice and advocacy to empower families in investigations.

Sometimes individual cases or large-scale problems at an individual health provider throw up significant policy issues and needs of the people affected. Two examples of this were individual cases where the Parliamentary and Health Service Ombudsman (PHSO) had refused to investigate complaints because the complainant was taking legal action against the trusts concerned. We successfully argued on behalf of the complainants that this should not happen as the legal action could not deliver the remedies which the complainants were seeking from the PHSO. This should improve the way PHSO handles other cases of this nature.

Another example was the way that the local health board in North Wales was handling reports of seriously poor treatment at a mental health ward – Tawel Fan. Around 100 families

whose loved ones had been affected were not getting access to specialist independent advice, and their rights were being denied, in our opinion, by the way the health board was refusing to follow the Putting Things Right (Welsh NHS redress scheme) procedure.

AvMA's chief executive spoke at a meeting of families in North Wales, offered AvMA's advice and support, and intervened on the families' behalf with the health board and Welsh Assembly Government. This did not result in them changing their approach, but the families greatly appreciated AvMA's support and AvMA will continue to take up the issue of inappropriate application of the Putting Things Right procedure, which feedback suggests is happening in other parts of Wales also, with Welsh Assembly Government.

One of our best known achievements is the adoption of a statutory duty of candour in England and in Scotland. The Scottish duty of candour came into effect in April 2018 and running up to that AvMA worked with the

Scottish Government on its planned introduction, including regulations and guidance. Whilst anecdotal feedback in England suggests that the duty has begun to change culture and behaviour, we continued to have to expend considerable resources to promoting good practice in delivering the duty of candour, and exhorting the appropriate statutory bodies to raise awareness, provide training, and monitor and regulate the duty effectively.

The Hyponatraemia Inquiry in Northern Ireland finally published its report in February 2018. The inquiry was into the deaths of a number of children suffering from hyponatraemia and the role of the health board and wider system. AvMA had provided evidence to the inquiry. Its very first recommendation was the introduction of a statutory duty of candour. AvMA has subsequently been asked by the Department of Health in Northern Ireland to work with it and other stakeholders on the development of the duty of candour there.

As well as work that grabs the headlines, AvMA continued to bring an expert patient perspective on issues pertaining to patient safety and justice through ongoing relationships with public bodies, policy makers and fellow patients' groups and participation in a raft of meetings and working groups. This included numerous responses to formal consultations.

IMPACT

Our work on the duty of candour will mean that more people get to hear the truth about what happened and are told in a compassionate way.

Our work on 'fixed recoverable costs' will mean that more people retain the ability to access justice and ensure health providers recognise they have made a mistake.

CONFERENCES AND TRAINING (SPREADING AWARENESS AND GOOD PRACTICE)

AvMA rolled out an impressive portfolio of conferences, training and events during the year. The centrepieces were our annual Clinical Negligence and Medical Law conference which was held in Leeds and brought together 450 of the leading medical experts, lawyers and policy makers in this field, and the Gala Celebration in London to celebrate AvMA's 35th anniversary.

Overall, 1,633 delegates benefited from our 14 events during 2017-2018. 100% of attendees who completed evaluation forms at our events rated the conferences as either "Excellent" or "Good", and 100% of attendees replied "Yes" when asked "Do you expect that you will use the learning from this conference in your work?".

IMPACT

Enhancing the skills and knowledge of legal and health professionals results in our beneficiaries receiving more empathetic and professional services from them.

"Really enjoyed the conference because it was so relevant to my work."

AvMA CONFERENCE DELEGATE

"Very good – good speakers, very informative and practical."

AvMA CONFERENCE DELEGATE

"All the topics covered were of relevance and added to my current knowledge."

AvMA CONFERENCE DELEGATE

"The way the conference was structured, from initial instruction to damages, was very helpful."

AvMA CONFERENCE DELEGATE

MEDICO-LEGAL SERVICES

Although the majority of people AvMA helps do not take legal action, some of the most vulnerable people AvMA serves rely on the services of solicitors. In addition to awarding our quality mark where appropriate, AvMA continued to run a lawyers' service which helps law firms provide the best possible services in this specialist area. We recommend medical experts from our comprehensive database, keep lawyers up to date on case law and policy, and help with interpreting medical issues. The need for this service continues and also provides an income stream for the charity.

IMPACT

Our support services for solicitors practising in clinical negligence means that our beneficiaries are more likely to experience a good service and successful result.

AvMA continued to assess and accredit clinical negligence solicitors for its specialist clinical negligence panel. AvMA's quality mark is the best indicator available that the solicitors have the necessary expertise, experience and integrity to do a good job for people affected by clinical negligence. We see the importance of being able to recognise a genuine specialist as all the more important as a result of current upheaval of the legal system.

IMPACT

Our panel, and the quality mark denoting membership of it, makes it easier for our beneficiaries who need to take legal action to find a genuinely specialist solicitor with the appropriate qualities, knowledge and skills. This results in our beneficiaries receiving more empathetic and professional services from them and more likelihood of a successful outcome.

We were pleased that, in spite of legal reforms creating a very difficult environment for clinical negligence solicitors, membership of our lawyers' service and applications to our specialist panel both held up very well in 2017-2018. We assessed 25 new applications and reaccreditation applications in the year, with nine new appointments to our panel and 11 solicitors being successfully re-accredited.

"The lawyers' support group was excellent: very interesting presentations and excellent speakers"

AvMA LAWYERS' SERVICE MEMBER

"I find the lawyers' service to be very helpful; the support groups in particular are great for keeping abreast of topical clinical negligence issues and a chance to network with fellow practitioners"

AvMA LAWYERS' SERVICE MEMBER

"I very much look forward to working more closely with AvMA over the coming years as a member of this important accreditation panel of which I am delighted now to be a member."

AvMA PANEL MEMBER

AvMA'S WORK IN SCOTLAND

As a charity registered in Scotland as well as England and Wales, AvMA needs to specifically report on its activities there. The helpline and casework service continued to be made available to people in Scotland. We continued to liaise with the Scottish Government, NHS bodies and patient groups in Scotland and contribute to discussions pertaining to patient safety and justice. As discussed above, we continued to work with the Scottish Government on preparing for implementation of the duty of candour.

PUBLIC BENEFIT

The Council of Management has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Council considers how planned activities will contribute to the aims and objectives that have been set.

FUNDRAISING

AvMA is a member of the Fundraising Regulator Scheme and follows its code of conduct. Chief fundraising responsibility is currently held by the communications and fundraising manager, in conjunction with the chief executive. However, other departments also source sponsorship for events and may hold a fundraising activity at events.

AvMA's main fundraising comes from donations from supporters; fundraising events held by other organisations benefitting AvMA; our own fundraising events; corporate sponsorship; and occasional bequests. AvMA does not employ or commission external fundraising professionals or companies. An exception to this was the use of a company to run a live auction for us at our 35th anniversary celebration. This involved the company sourcing some items for auction and retaining part of the selling price. AvMA does not make unsolicited approaches to individuals. No complaints have been received about AvMA's fundraising.

ASSURING THE QUALITY OF OUR WORK

The board established a Quality and Outcomes sub-committee in September 2017 to help take forward its work on quality and impact measurement. Part of its remit is to review any complaints made about AvMA's work and be sure that any learning points are acted upon.

Two formal complaints were made about AvMA's work in 2017-2018. Amendments are being made to one of our procedures in the light of one of the complaints.

Work to develop different ways in which people can give us feedback on our services is moving quickly and all comments, positive and negative, are reviewed regularly. Where possible, we contact people who leave negative feedback to see if we can resolve the problem they raise.

"It took a huge weight off my shoulders, as I have neither medical nor legal experience to call on, so it was such a relief having expert help and genuine interest and understanding."

AvMA CLIENT

"It's been a very interesting and difficult week... Fortunately you all came into our lives and I wanted to express my sincere thanks for your considerable help. It was tremendous and I have no idea how exactly we would've coped without you. my heartfelt and grateful thanks to you all! It's really not enough, but what else can I say!"

AvMA INQUEST CLIENT

PLANS FOR THE FUTURE

AvMA's plans for 2018-2019 include:

- The development of a new five-year strategic plan
- Intensive policy and influencing work around the government's proposals for 'fixed recoverable costs', 'safe space' prohibition on full openness with patients and families in patient safety investigations, and the rapid resolution and redress scheme
- Continuing to support good practice in implementing the duty of candour in England with appropriate awareness raising and training
- Continuing to work with the governments in Scotland, Wales and Northern Ireland to seek the introduction of a duty of candour
- Promoting the AvMA specialist panel of clinical negligence solicitors better to the public and introducing a new 'junior solicitor' scheme to acknowledge and develop solicitors hopefully to become full panel members in the future
- Seeking to diversify income streams and generate new income to address the forecast operational deficit, and enable maintenance of services and meeting charitable objectives long term
- Implementing improved systems for collecting and reporting on data from our work with beneficiaries
- Building relationships with beneficiaries and other potential supporters
- Development of the charity's 'theory of change' and systems for measuring the quality and impact of our work

"A big thank you for your support and professionalism... I can't imagine what it would have been like to go through all that without you."

AvMA CLIENT

"I cannot thank all the AvMA team enough for your invaluable assistance. Just amazing people."

AvMA CLIENT

"Feeling alone and upset with my local NHS consultant at the hospital you gave me confidence to take my complaint further. Thank you."

AvMA CLIENT

STRUCTURE, GOVERNANCE & MANAGEMENT

The organisation is a charitable company limited by guarantee, incorporated on 4 April 1988 and registered as a charity on 17 April 1988. The organisation changed its name to Action against Medical Accidents (AvMA) on 3 December 2003.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

Trustees collectively form the Council of Management.

COUNCIL OF MANAGEMENT AND APPOINTMENT OF COUNCIL MEMBERS

Individual trustees (members of the Council) are appointed by the Council of Management. Not less than six nor more than 20 Council members may be appointed. The Council may co-opt persons to fill casual vacancies provided the maximum of 20 is not exceeded. Approximately one third of the Council must retire each year, those being the longest serving since their previous election. Retiring members are eligible for re-election, which takes place at the annual general meeting.

Recruitment of new trustees takes place as and when the Council believes this is necessary to add to or complement the experience, knowledge and skills available to the Council. Usually 'vacancies' for new trustees are advertised. Potential new trustees are interviewed by at least two trustees usually including the chair and the chief executive. Based on objective criteria, the

recommendations to appoint a new trustee are put to the full Council together with the candidate's background details for a decision. A number of trustees planned to retire in 2017 after long periods of service as a trustee and we therefore carried out a recruitment exercise to ensure we continued to have the an appropriate number and mix of trustees. We were delighted to appoint an excellent selection of new trustees with relevant skills and experience.

All new trustees receive an induction into the work of the charity and their roles and responsibilities as trustees. Trustees are asked to declare any conflicts of interest or matters which may disqualify them as a trustee. Trustees are also encouraged to attend further training where appropriate.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 31 March 2018 was 10 (2017 – 10). Members of the Council of Management have no beneficial interest in the charitable company.

The Council of Management met four times during the year. AvMA has adopted a rolling three-year strategic plan which is reviewed and updated at each Council meeting. An Executive Committee comprising the chair, vice chair, treasurer, chief executive and deputy chief executive meets between Council meetings to deal with urgent business and reports to the Council. A Finance and Investment Committee meets between Council meetings.

AvMA has a trading company, AvMA Services Ltd, which is used when there has been non-charitable trading beyond the amount permissible by the Charity Commission. AvMA Services Ltd has been inactive in 2017-2018.

HONORARY OFFICERS

The charity has adopted the practice of electing a chair, vice-chair and treasurer for a one-year term at the charity's AGM. December 2017 saw the re-election of Suzanne Shale as chair, Angela Brown was re-elected as treasurer and Hilary Scott was elected as vice-chair.

DELEGATION OF DAY-TO-DAY RUNNING OF THE CHARITY

Trustees delegate the day-to-day running of the charity to the chief executive, Peter Walsh, and in his absence the deputy chief executive, Hugh Williams.

PATRONS

The role of patron does not involve any legal or governance responsibilities. Patrons act as ambassadors for the charity and help by providing advice, taking part in events, making introductions and generally spreading the word about AvMA and its work.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Council of Management has a remuneration policy covering all employees. All personnel are paid within a defined salary band with annual increments until the top of the band is reached. Salary bands are set and reviewed through trustees' review of pay scales available in comparable organisations (for example by reviewing job advertisements and/or speaking to recruitment agencies) and by reference to the NJC and NHS pay scales. Annual cost of living increments are awarded at the discretion of the Council of Management, based on the consumer price index for the previous calendar year and bearing in mind the charity's finances and the financial climate generally. AvMA's full remuneration policy is published on the charity's website.

FINANCIAL REVIEW

Our medico-legal department made a contribution (calculated by income less direct costs from note 6) of £308,764 in the year, and conferences and training made a contribution of £88,123. One-off fundraising events for our 35th anniversary raised a further £31,703. This covered the net cost of our public-facing advice and information service of £223,137 and most of our support costs, giving an overall net expenditure of £72,132 for the year. In addition, gains on investments (both realised and unrealised) were £40,911.

AvMA receives no ongoing funding from NHS or government agencies and is therefore very reliant on its own income generation activities and the generosity of the people we have helped, other supporters and sponsors. For this we are extremely grateful.

The receipt of the Judith Freedman legacy in 2011 means that the charity is has been able to invest for its future. The single most significant use of the legacy was the purchase of Freedman House on a 999 year lease. As well as

no longer paying rent, we are letting out some of the office space to provide us with additional income. We currently have long-term investments of £1,603,911. We have also been able to operate a deliberate deficit budget in order to provide maximum impact to our beneficiaries from our services and operations, and invest in new ideas for business development.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risk facing the charity is the uncertainty facing the future of clinical negligence litigation. Most of the charity's income is generated through the provision of services to clinical negligence lawyers, both through the lawyers' support service and the provision of conferences and training. Recent legal reforms including the removal of legal aid for the vast majority of clinical negligence cases have already created difficulties for law firms wishing to practice

in clinical negligence, which is beginning to see mergers or firms dropping out of clinical negligence work. This is resulting in a decline in income from lawyers' service subscriptions and conference delegate places. Government proposals for the introduction of a 'fixed recoverable costs' regime could have a much larger impact (as well as threatening access to justice for AvMA's beneficiaries and the likelihood of the NHS learning from errors). The charity is addressing this risk by attempting to diversify and develop new sources of income and also planning for managing an anticipated fall in income by reducing expenditure in a carefully planned and staged way. The situation is kept under constant review.

Another principal risk is the uncertainty in financial markets which may affect the charity's investments. In the light of this, the trustees have reviewed the charity's investment strategy, and our portfolio has been reviewed and de-risked as far as practicable.

AvMA relies on part of its income coming from rent and service charges received for two floors of Freedman House. The economic situation means that our tenants are at more risk of going out of business or needing to seek early release from their lease, and that office space has become harder to let. There is therefore a significant risk income from this source will drop.

Trustees consider known significant risks and strategies for mitigating them through a risk register which is reviewed regularly by the Finance and Investment Committee and the Executive Committee, which report to the Council of Management.

RESERVES AND INVESTMENT POLICY

BACKGROUND AND FINANCIAL STRATEGY

As set out above, we are in a period when income from our traditional revenue sources is declining significantly, against a background of the current deliberate deficit budget. Current trends and uncertainties lead us to expect this fall to continue in the coming few years.

The trustees have worked hard to develop a long-range financial strategy to address the situation on a timely and considered basis. Our financial strategy is to move to a sustainable balanced budget over a period of 10 years to 2026-2027, against the background of anticipated contraction of our traditional revenue streams, through developing new sources of income and making cost efficiencies in a carefully planned manner.

We plan to utilise our current reserves to fund the (reducing) shortfall each year, to continue to provide maximum impact to our beneficiaries, and also to continue to invest carefully in new development activities as appropriate.

This is expected to reduce reserves to the target level by the end of the 10-year strategy period. These reserves are held as a separate designated fund, and 1/10 is released each year to general funds, as per note 19.

RESERVES POLICY

We own our office building, Freedman House, outright. This provides cover for catastrophic events, and also for an orderly wind down should this ever be necessary, as well as generating an income and savings on what would be spent on rent.

The trustees have a policy to retain sufficient free reserves to cover working capital requirements and realistic contingencies. This is calculated as:

- Working capital: 3 months' running costs including salaries, and 75% of conference venue costs

- Contingency reserve £200,000: to cover the risk of a short-term fall in income over committed expenditure, together with operational risks and exceptional costs

At current activity levels this amounts to target reserves of £600,638.

LEVEL OF RESERVES

We have free reserves of £513,789 at the year end. This is a shortfall of £86,849 against the above year-end target. However this is in line with our 10-year financial strategy as explained above.

This is calculated based on total unrestricted reserves of £1,984,676 not including the values of Freedman House and other fixed assets. Of this, £800,000 is the balance remaining on the designated transitional fund as set out above. £249,450 is designated for property, ICT and specific project costs, and the fair value reserve (excess of value over cost of our investments) is £421,437.

INVESTMENT POLICY

The trustees have agreed to invest the reserves in an ethical investment portfolio, to achieve returns that enable the funding of AvMA's requirements both in the short and the long term. Short-term requirements (up to 3 years) are placed on deposit using a specialist cash management service to optimise returns whilst ensuring appropriate liquidity. The remaining reserves are within a long-term investment portfolio managed by Castlefield. This portfolio is conservatively structured with an emphasis on capital preservation, but also likely to achieve an overall return in the region of 2.5%.

Management and trustees monitor the financial plan, reserves levels and investment policy closely in the light of changing circumstances.

STATEMENT OF RESPONSIBILITIES OF THE COUNCIL OF MANAGEMENT

The Council of Management (whose members are also directors of Action against Medical Accidents for the purposes of company law) is responsible for preparing the report of the Council of Management and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the Council of Management are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;

- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Council of Management is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). It is also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Council of Management is aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Council of Management's members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Council of Management is responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

Approved by the Council of Management on 13 December 2018 and signed on its behalf by

Peter Walsh
Company Secretary

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Action against Medical Accidents.

OPINION

We have audited the financial statements of Action against Medical Accidents (the 'charitable company') for the year ended 31 March 2018 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's

responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller

(Senior statutory auditor)

14 December 2018

for and on behalf of Sayer Vincent
LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane,
LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as
auditor in terms of section 1212 of the
Companies Act 2006

**CONSOLIDATED
STATEMENT
OF FINANCIAL
ACTIVITIES**(Incorporating an income and
expenditure account)

For the year ended 31 March 2018

	Note	Restricted £	Unrestricted £	2018 Total £	Restricted £	Unrestricted £	2017 Total £
Income from:							
Donations and legacies	2	4,000	127,281	131,281	-	73,089	73,089
Charitable activities							
Conferences and training	3	-	416,880	416,880	-	461,316	461,316
Medico-legal services	3	-	508,775	508,775	-	509,650	509,650
Advice, information and support	3	-	3,825	3,825	-	13,422	13,422
Policy and external relations	3	-	12,194	12,194	-	10,394	10,394
Other trading activities	4	-	22,055	22,055	-	6,706	6,706
Investments	5	-	76,595	76,595	-	68,167	68,167
Other		-	468	468	-	552	552
Total income		4,000	1,168,073	1,172,073	-	1,143,296	1,143,296
Expenditure on:							
Raising funds	6	92	64,831	64,923	-	58,620	58,620
Charitable activities							
Conferences and training	6	423	433,617	434,039	-	442,725	442,725
Medico-legal services	6	607	328,964	329,571	-	301,654	301,654
Advice, information and support	6	643	352,660	353,303	-	395,648	395,648
Policy and external relations	6	2,074	60,295	62,369	-	77,653	77,653
Total expenditure		3,838	1,240,367	1,244,205	-	1,276,300	1,276,300
Net (expenditure) before net gains on investments		162	(72,294)	(72,132)	-	(133,004)	(133,004)
Net gains on investments		-	40,911	40,911	-	255,440	255,440
Net income / (expenditure) for the year	7	162	(31,383)	(31,221)	-	122,436	122,436
Reconciliation of funds:							
Total funds brought forward		-	3,231,239	3,231,239	-	3,108,803	3,108,803
Total funds carried forward		162	3,199,856	3,200,018	-	3,231,239	3,231,239

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 19 to the financial statements.

**CONSOLIDATED
BALANCE SHEET**

As at 31 March 2018

Company number 2239250

	Note	£	2018 £	£	2017 £
Fixed assets:					
Tangible assets	12		1,215,180		1,229,244
Investments	13		1,603,911		1,889,389
			2,819,091		3,118,633
Current assets:					
Debtors	14	203,560		160,467	
Cash at bank and in hand	21	568,182		326,527	
		771,742		486,994	
Liabilities:					
Creditors: amounts falling due within one year	15	390,815		374,388	
Net current assets			380,927		112,606
Total assets less current liabilities			3,200,018		3,231,239
Net assets excluding pension asset / (liability)			3,200,018		3,231,239
Total net assets			3,200,018		3,231,239
The funds of the charity:	19				
Restricted income funds			162		-
Unrestricted income funds:					
Designated funds		2,264,630		2,381,427	
Fair value reserve		421,437		488,410	
General funds		513,789		361,402	
Total unrestricted funds			3,199,856		3,231,239
Total charity funds			3,200,018		3,231,239

Approved by the trustees on 13 December 2018 and signed on their behalf by

Dr. Suzanne Shale
ChairDr. Angela Brown
Treasurer

**CONSOLIDATED
STATEMENT OF
CASH FLOWS**

For the year ended 31 March 2018

	Note	2018	2017
		£	£
Cash flows from operating activities	20		
Net cash used in operating activities		(158,116)	(258,866)
Cash flows from investing activities:			
Dividends, interest and rents from investments		76,595	68,167
Purchase of fixed assets		(3,213)	(11,112)
Proceeds from sale of investments		329,900	-
Purchase of investments and cash invested into portfolio		(3,511)	(180)
Net cash from investing activities		399,771	56,875
Change in cash and cash equivalents in the year		241,655	(201,991)
Cash and cash equivalents at the beginning of the year		<u>326,527</u>	<u>528,518</u>
Cash and cash equivalents at the end of the year	21	<u>568,182</u>	<u>326,527</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 Accounting policies

a) Statutory information

Action against Medical Accidents is a charitable company limited by guarantee and is incorporated in England. The registered office address and principal place of business is Freedman House, Christopher Wren Yard, 117 High Street, Croydon CR0 1QG.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the position of the charitable company and its wholly-owned subsidiary AVMA Services Limited on a line by line basis. AVMA Services Limited was dormant in this and the prior financial years. The difference between the group and parent charitable company balance sheet are not material and therefore a separate parent only balance sheet and related notes are not presented. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 Accounting policies (continued)

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Restricted funds are set out in note 19a below.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services, events and other educational activities undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

• Conferences and training	23%
• Medico-legal services	33%
• Advice, information and support	35%
• Policy and external relations	4%
• Raising funds	5%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Computer equipment and website development	3 years
• Office equipment and furniture	5 years
• Database	10 years

No depreciation is charged on the leasehold property on the grounds of immateriality, due to a long expected life and high residual value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1 Accounting policies (continued)

m) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/ (losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

p) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pensions

The charitable company offers all staff the option of a stakeholder pension scheme. The charitable company pays an agreed contribution to this scheme on their behalf, in accordance with auto enrolment requirements. The assets of the pension funds are independent from the company and the pension cost charge represents contributions payable. The charitable company has no additional liability other than for the payment of those contributions.

2 Income from donations and legacies

	Restricted	Unrestricted	2018 Total £	2017 Total £
Experts' donations	-	34,840	34,840	26,142
Firms' events	-	18,686	18,686	20,353
Unclaimed clients' money	-	21,360	21,360	12,833
Legacies	-	500	500	572
Other donations	2,000	6,751	8,751	8,337
Corporate sponsorship	-	25,000	25,000	-
Other fundraising	-	20,144	20,144	4,852
Grants	2,000	-	2,000	-
	<u>4,000</u>	<u>127,281</u>	<u>131,281</u>	<u>73,089</u>

**NOTES TO THE
FINANCIAL
STATEMENTS**

For the year ended 31 March 2018

3	Income from charitable activities			
		Unrestricted £	2018 Total £	2017 Total £
	Delegate, sponsor and webinar income	416,880	416,880	461,316
	Sub-total for conferences and training	416,880	416,880	461,316
	Subscription fees	402,292	402,292	407,538
	Website subscriptions	81,527	81,527	74,213
	Referral panel fees	8,550	8,550	11,250
	Publications	16,406	16,406	16,649
	Sub-total for medico-legal services	508,775	508,775	509,650
	Care Quality Commisison	-	-	10,000
	Other	3,825	3,825	3,422
	Sub-total for advice, information and support	3,825	3,825	13,422
	Fees earned and expenses reimbursed	12,194	12,194	10,394
	Sub-total for policy and external relations	12,194	12,194	10,394
	Total income from charitable activities	941,674	941,674	994,782
4	Income from other trading activities			
		Unrestricted £	2018 Total £	2017 Total £
	AvMA events	11,617	11,617	6,706
	Lawyers' service directory	10,438	10,438	-
		22,055	22,055	6,706
5	Income from investments			
		Unrestricted £	2018 Total £	2017 Total £
	Dividends and interest	13,235	13,235	14,250
	Rent	63,360	63,360	53,917
		76,595	76,595	68,167

**NOTES TO THE
FINANCIAL
STATEMENTS**

For the year ended 31 March 2018

6 Analysis of expenditure

	Cost of raising funds £	Charitable activities					Governance costs £	Support costs £	2018 Total £	2017 Total £
		Conferences and training £	Medico-legal services £	Advice, information and support £	Policy and external relations £					
Staff costs (Note 8)	45,093	121,109	205,866	215,338	40,909	22,423	201,946	852,684	891,229	
Direct cost of events	-	225,954	644	-	-	-	-	226,598	204,681	
Travel, subsistence and accommodation	645	2,906	1,255	4,185	4,329	4,136	741	18,197	14,257	
Call handling	-	-	-	3,237	-	-	-	3,237	3,391	
Investment management fees	-	-	-	-	-	-	7,228	7,228	11,445	
Other professional fees	-	-	-	-	2,400	7,000	4,238	13,638	15,295	
Office costs	606	-	2,460	3,910	174	864	45,805	53,819	52,919	
Premises costs	-	-	-	-	-	-	44,623	44,623	53,006	
Depreciation	-	-	-	-	-	-	17,277	17,277	19,321	
Training and development	530	47	219	157	73	75	3,291	4,392	3,687	
Sundry	-	999	5	135	45	101	1,227	2,512	7,069	
Direct expenditure	46,874	351,015	210,449	226,962	47,930	34,599	326,376	1,244,205	1,276,300	
Support costs	16,319	75,066	107,704	114,232	13,055	-	(326,376)	-	-	
Governance costs	1,730	7,958	11,418	12,110	1,384	(34,599)	-	-	-	
Total expenditure 2018	64,923	434,039	329,571	353,303	62,369	-	-	1,244,205	1,276,300	
Total expenditure 2017	58,620	442,725	301,654	395,648	77,653	-	-	1,276,300		

Of the total expenditure, £1,240,367 was unrestricted (2017: £1,276,300) and £3,838 was restricted (2017: £nil).

**NOTES TO THE
FINANCIAL
STATEMENTS**

For the year ended 31 March 2018

7 Net incoming resources for the year

This is stated after charging / (crediting):

	2018	2017
	£	£
Depreciation	17,277	19,321
Auditors' remuneration (excluding VAT):		
Audit - current year	6,850	6,500
Audit - previous year	150	-
Foreign exchange losses/(gains)	33	(54)
	<u>17,277</u>	<u>19,321</u>

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2018	2017
	£	£
Salaries and wages	758,510	789,034
Social security costs	71,053	73,184
Employer's contribution to defined contribution pension schemes	19,454	15,431
Temporary staff costs	-	13,580
Redundancy and termination costs	3,667	-
	<u>852,684</u>	<u>891,229</u>

The following number of employees received employee benefits (excluding employer pension costs and national insurance) during the year between:

	2018	2017
	No.	No.
£70,000 - £79,999	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions and employers national insurance of the key management personnel were £145,100 (2017: 142,751).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represents the payment or reimbursement of travel, subsistence and accommodation costs totalling £3,935 (2017: £3,484) incurred by 7 (2017: 7) members relating to attendance at trustee meetings and events.

**NOTES TO THE
FINANCIAL
STATEMENTS**

For the year ended 31 March 2018

9 Staff numbers

The average number of employees (head count based on total number of staff employed) during the year was as follows:

	2018	2017
	No.	No.
Raising funds	0.9	1.0
Conferences and training	4.0	4.4
Medico-legal services	5.6	5.4
Advice, information and support	5.7	6.7
Policy and external relations	0.7	0.9
Support	6.1	5.5
Governance	0.4	0.4
	23.4	24.2

The average number of employees (based on equivalent number of full-time staff employed) during the year was as follows:

	2018	2017
	No.	No.
Raising funds	0.8	0.8
Conferences and training	3.1	3.5
Medico-legal services	4.8	4.4
Advice, information and support	5.5	6.4
Policy and external relations	0.7	0.9
Support	4.4	4.9
Governance	0.4	0.4
	19.6	21.3

10 Related party transactions

There are no related party transactions to disclose for 2018 (2017: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties. (2017: none)

11 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

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For the year ended 31 March 2018

12 Tangible fixed assets

	Leasehold property £	Computer equipment and website £	Office equipment and furniture £	EMIS database £	Total £
Cost or valuation					
At the start of the year	1,206,659	95,258	89,435	20,000	1,411,352
Additions in year	-	2,733	480	-	3,213
Disposals in year	-	(37,989)	(30,084)	-	(68,073)
At the end of the year	<u>1,206,659</u>	<u>60,002</u>	<u>59,831</u>	<u>20,000</u>	<u>1,346,492</u>
Depreciation					
At the start of the year	-	87,558	74,550	20,000	182,108
Charge for the year	-	5,747	11,530	-	17,277
Eliminated on disposal	-	(37,989)	(30,084)	-	(68,073)
At the end of the year	-	<u>55,316</u>	<u>55,996</u>	<u>20,000</u>	<u>131,312</u>
Net book value					
At the end of the year	<u>1,206,659</u>	<u>4,686</u>	<u>3,835</u>	-	<u>1,215,180</u>
At the start of the year	<u>1,206,659</u>	<u>7,700</u>	<u>14,885</u>	-	<u>1,229,244</u>

All of the above assets are used for charitable purposes.

The leasehold property represents the cost of Freedman House. This is a multi-use property; half the property is used as the charity's office and the other half is rented out. For 31 March 2019 year end, the charity will need to adopt Bulletin 2, Charity SORP. This no longer allows multi-use properties to be treated solely as fixed assets claiming "undue cost and effort" for revaluations. In preparation for this change the property was revalued to £2,050,000 as at March 2018, resulting in a gain of £843,000. This gain will be incorporated into the next financial year.

**NOTES TO THE
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For the year ended 31 March 2018

13 Investments

	2018 £	2017 £
Fair value at the start of the year	1,889,389	1,332,724
Additions at cost	-	301,225
Disposal proceeds	(329,900)	-
Net gain on change in fair value	40,911	255,440
Movements in cash element of portfolio	3,511	-
	<u>1,603,911</u>	<u>1,889,389</u>
Cash held by investment broker pending reinvestment	-	-
Fair value at the end of the year	<u>1,603,911</u>	<u>1,889,389</u>
Historic cost at the end of the year	<u>1,182,474</u>	<u>1,400,979</u>
Investments comprise:		
	2018 £	2017 £
UK Common investment funds	1,597,342	1,886,331
Cash	6,569	3,058
	<u>1,603,911</u>	<u>1,889,389</u>

Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of AVMA Services Limited, a company registered in England. The company did not trade in this or the prior financial year. The subsidiary's net assets are £99 (2017: £99).

14 Debtors

	2018 £	2017 £
Trade debtors	63,898	42,649
Other debtors	104,001	57,790
Prepayments	21,671	43,237
Accrued income	13,990	16,791
	<u>203,560</u>	<u>160,467</u>

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For the year ended 31 March 2018

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Taxation and social security	58,349	58,874
Other creditors	11,550	6,678
Accruals	19,609	15,827
Deferred income	<u>301,307</u>	<u>293,009</u>
	<u>390,815</u>	<u>374,388</u>

16 Deferred income

Deferred income comprises subscriptions, conference fees and other income received in advance

	2018 £	2017 £
Balance at the beginning of the year	293,009	346,627
Amount released to income in the year	(293,009)	(346,627)
Amount deferred in the year	<u>301,307</u>	<u>293,009</u>
Balance at the end of the year	<u>301,307</u>	<u>293,009</u>

17 Pension scheme

The charity contributes to a defined contribution stakeholder pension scheme for its employees. Contributions are set out in note 8 above. There were no amounts owed at 31 March 2018 (2017: £nil).

18a Analysis of net assets between funds (current year)

	Restricted £	General unrestricted £	Designated £	Total funds £
Tangible fixed assets	-	-	1,215,180	1,215,180
Investments	-	554,461	1,049,450	1,603,911
Net current assets	<u>162</u>	<u>380,765</u>	<u>-</u>	<u>380,927</u>
Net assets at the end of the year	<u>162</u>	<u>935,226</u>	<u>2,264,630</u>	<u>3,200,018</u>

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For the year ended 31 March 2018

18b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Total funds £
Tangible fixed assets	-	1,229,244	1,229,244
Investments	737,206	1,152,183	1,889,389
Net current assets	112,606	-	112,606
Net assets at the end of the year	849,812	2,381,427	3,231,239

19a Movements in funds (current year)

	At the start of the year £	Incoming and gains £	Expenditure and losses £	Transfers £	At the end of the year £
Restricted funds:					
Access audit	-	2,000	(1,838)	-	162
Consultation advice	-	2,000	(2,000)	-	-
Total restricted funds	-	4,000	(3,838)	-	162
Unrestricted funds:					
Designated funds:					
Property cost	1,206,659	-	-	-	1,206,659
Other fixed assets	22,585	-	(17,277)	3,213	8,521
Major repairs and maintenance	200,000	-	-	-	200,000
ICT replacement	46,128	-	-	(2,733)	43,395
Transitional fund	900,000	-	-	(100,000)	800,000
Connect Assist project	6,055	-	-	-	6,055
Total designated funds	2,381,427	-	(17,277)	(99,520)	2,264,630
Fair value reserve	488,410	-	-	(66,973)	421,437
General funds	361,402	1,208,984	(1,223,090)	166,493	513,789
Total unrestricted funds	3,231,239	1,208,984	(1,240,367)	-	3,199,856
Total funds	3,231,239	1,212,984	(1,244,205)	-	3,200,018

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For the year ended 31 March 2018

19b Movements in funds (prior year)

	At the start of the year £	Incoming and gains £	Expenditure and losses £	Transfers £	At the end of the year £
Unrestricted funds:					
Designated funds:					
Property cost	1,206,659	-	-	-	1,206,659
Other fixed assets	30,794	-	(19,321)	11,112	22,585
Major repairs and maintenance	200,000	-	-	-	200,000
Transitional fund	1,000,000	-	-	(100,000)	900,000
ICT replacement	50,000	-	-	(3,872)	46,128
Connect Assist project	30,000	-	(23,945)	-	6,055
Total designated funds	2,517,453	-	(43,266)	(92,760)	2,381,427
Fair value reserve	234,015	-	-	254,395	488,410
General funds	357,335	1,398,736	(1,233,034)	(161,635)	361,402
Total unrestricted funds	3,108,803	1,398,736	(1,276,300)	-	3,231,239
Total funds	3,108,803	1,398,736	(1,276,300)	-	3,231,239

Purposes of restricted funds

Access audit: received from City Bridge Trust to carry out an access audit of Freedman House. The funder has agreed that the unspent balance may be spent on other similar work.

Consultation advice: received from Partners in Costs, towards professional advice on the consultation on Fixed Recoverable Costs

Purposes of designated funds

Property cost: the charity purchased an office building on 2 May 2013 for £1.2 million.

Other fixed assets: reflects the reducing net book value of the ICT, website, furniture and office equipment. The transfer represents the cost of assets purchased in the year.

Major repairs and maintenance: for major works to maintain the value of the property in the future.

ICT replacement: to cover programme of ICT replacement. Transfers reflect ICT equipment which has been purchased during the year.

Transitional fund: to allow the charity to continue to meet its charitable objects at as near as possible the level of activity and impact as the year 2015-2016 whilst new sources of income are explored and where necessary expenditure reduced, moving toward a sustainable balanced budget in accordance with our 10-year financial plan.

Connect Assist project: to implement recommendations of Connect Assist report on data, website and helpline, including employment of temporary IT worker and software/website development costs. The balance is to be spent in the coming year.

Fair value reserve: this represents the unrealised gains/losses on investments

**NOTES TO THE
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For the year ended 31 March 2018

20 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2018 £	2017 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(31,221)	122,436
Depreciation charges	17,277	19,321
Gains on investments	(40,911)	(255,440)
Dividends, interest and rent from investments	(76,595)	(68,167)
(Increase)/decrease in debtors	(43,093)	(8,545)
(Decrease)/increase in creditors	16,427	(68,471)
Net cash used in operating activities	(158,116)	(258,866)

21 Analysis of cash and cash equivalents

	At 1 April 2017 £	Cash flows £	At 31 March 2018 £
Cash at bank and in hand	230,647	60,176	290,823
Notice deposits (less than three months)	95,880	181,479	277,359
Total cash and cash equivalents	326,527	241,655	568,182

22 Capital commitments

At the balance sheet date, the charity had no capital commitments (2017: £nil).

23 Contingent assets or liabilities

At the balance sheet date the charity had no contingent assets or liabilities.

24 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

Action against Medical Accidents

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 **www.facebook.com/AvMAuk**

 **[@AvMAuk](https://twitter.com/AvMAuk)**

Action against Medical Accidents (AvMA) is a registered charity in England and Wales (number 299123) and in Scotland (number SCO39683)