

# Nursing and Midwifery Council

Nursing and Midwifery Council  
23 Portland Place  
London W1B 1PZ

**THE NURSING AND MIDWIFERY ORDER 2001**  
(Charity Registration Number 1091434)

## Foreword

*Accounts for the year ended 31 March 2004  
presented in accordance with Article 52 of the Order  
(Statutory Instrument 2002 No.253)*

### **1. Background Information and Brief History**

This is the statement of accounts of the Nursing and Midwifery Council for the year ended 31 March 2004.

The Council was established under the Nursing and Midwifery Order 2001. The principal functions of the Council are to establish from time to time standards of education, training, conduct and performance for nurses and midwives and to ensure the maintenance of those standards. The Council shall have such other functions as are conferred on it by this Order or as may be provided by the Privy Council by order. The main objective of the Council in exercising its functions is to safeguard the health and well-being of persons using or needing the services of registrants.

The Nursing and Midwifery Council is accountable to the Privy Council. The Nursing and Midwifery Order 2001 sets out the nature of the relationship between the NMC and the Privy Council and the reporting mechanisms required. While not accountable to the Department of Health, the NMC has regular contact with the Department on policy and other matters. For the year in question, the department provided some funding to the Council for the New Register.

### **2. Results**

The net outgoing resources for the year amounted to £2,143,000 (2002/2003 outgoing resources £2,509,000).

The reserves of £3.2 million should be considered taking into account that the lease of the Council's offices at 23 Portland Place continues to have a restrictive user clause and was re-valued on 31 December 2001 at £9.2 million.

### **3. Financial Review**

During the year income totalled £18,800,000, which comprises of fee income of £16,434,000 (2003 : £13,744,000), together with investment income of £762,000 (2003 : £878,000) and other grants and donations totalling £1,150,000 (2003 : £2,534,000) relating to the initial set up costs of the NMC.

During the year expenditure totalled £20,943,000 (2003 : £19,987,000) and is further analysed within note 10 to the accounts.

As a result of the Privy Council issuing an accounts direction effective from 1 April 2003 as detailed on Appendix 1, the results for the year ended 31 March 2003 have been restated. The restatement is detailed in note 28, and reverses the modified historic cost accounting previously adopted for fixed assets, together with the restatement of grants receivable.

## Nursing and Midwifery Council

### 4. Review of Activities and Future Developments

This was the second year of activity for the Nursing and Midwifery Council. There were three main strands to the Council's work: Establishing the statutory rules, standards and guidance arising from the Nursing and Midwifery Order; devising a long-term strategy for ensuring the financial health of the organisation; and creating a new organisational structure that will deliver the requirements of the Order effectively and efficiently.

NMC Council and Committee structure: The full Council comprises 11 lay members and 12 practitioner members. Each of the latter has an alternate who may attend and vote in the absence of the member for whom they are the alternate.

Four statutory committees: Until new committees come into effect with the opening of the new register in August 2004, the statutory committees are:

Professional Conduct Committee

Preliminary Proceedings Committee

Health Committee

Midwifery Committee

Other policy and governance:

Finance and Business Planning Committee

Audit Committee

Communications Committee

Standards Committee

Human Resources Committee

Remuneration and Appointments Committee

Task and finish groups: The Council uses small, time-limited task and finish groups to oversee specific projects, such as managing the opening of the new register and reviewing the post-registration nursing framework.

The following represent the highlights of the year's activities:

- Developing the rules relating to the new register, fitness to practise processes and procedures, midwifery practice, Local Supervisory Authorities for the statutory supervision of midwives, registration fees and elections to the Council. The work involved consulting widely with our stakeholders, finalising the policy in light of the consultation and then negotiating with lawyers for the Department of Health and the Privy Council. Discussions were still going on as the year ended. Based on the anticipated rules, draft guidance was also developed on all the above-mentioned areas. As part of the Council's information-sharing work with external stakeholders, the NMC ran seven employers' summits towards the end of the year on the new legislation.
- An independent external review of the first year's quality assurance activity. This showed that the system, which is different in England from the approach used in Scotland, Wales and Northern Ireland, needed further review but had begun well. The on-going focus of the QA work is on the quality of the education provided in Higher Education Institutions and in practice placements. Across the UK in the academic year 2002/2003, 340 programmes were approved in 85 higher education institutions.
- Implementing a new internal structure that would deliver efficient and effective regulation. Key elements within this were bringing together the registration department and the policy and standards directorate into a new standards and registration directorate, thus creating synergy between Council policy and standards and registration practice, and dispensing with our external IT providers and setting up an in-house IT team to manage and develop the NMC's IT systems, the largest of which is the register.
- Creating a 25-person in-house call centre to answer registration enquiries from nurses and midwives. The call centre has consistently met performance targets, answering over 3,000 calls a day representing over 90% of calls answered.

## Nursing and Midwifery Council

### 4. Review of Activities and Future Developments Cont'd

- Initiating a major IT project on creating a new, simpler register, which will have three parts compared with the extant register which has 15 parts.
- Consulting widely on a number of major policy areas, including new fitness to practise processes and procedures, an election scheme for the Council, new registration rules, new UK standards for Local Supervising Authorities for midwives, standards for the part of the register for specialist community public health nurses, a new UK-wide adaptation programme for overseas trained nurses, and registration fees.
- Starting a review of the Council's public involvement strategy, designed to enhance the degree to which a diverse public is engaged with the work of the Council.
- Developing collaborative working with the other health and social care regulators in order to ensure best practice, and working with them under the aegis of the Council for the Regulation of Healthcare Professionals on consistent regulation throughout healthcare.
- Following consultation on a proposed registration fee increase, the Council reviewed the many responses received from individuals and organisations and agreed to increase the fee by a lower amount than originally proposed - £129 for three years as against the £144 proposed.
- Using the external Reference Panel to test ideas on, for example, midwives' rules and on developing the NMC public involvement strategy.
- Instituting a programme of substantial savings through effective buying. A professional buyer was recruited with a remit of effecting annual savings of at least £300,000.
- Holding the first Annual meetings in each of the four UK countries to demonstrate openness, transparency and accountability.
- Dealing with rising numbers of applications for registration from both the UK and overseas. In the year, to 31 March 2004, a record 34,617 nurses and midwives were registered for the first time. Of these, 19,465 were trained in the United Kingdom, 1,030 were trained in the European Economic Area and 14,122 were trained overseas. The overall total compares with 31,775 in the previous year.

The year saw record levels of professional conduct activity as the new Council sought to clear a backlog in cases awaiting a public hearing. During the year ending 31 March 2004, the NMC received 1,460 complaints about practitioners' fitness to practise. This was a record in a single year. The majority of cases received are closed due to insufficient evidence or because they were not deemed likely to lead to removal from the register. Those removed from the register totalled 127, the second highest number in one year. Seventy-five people received a formal caution. In this period, only two practitioners were restored to the register from among the 18 people who applied for restoration.

- As well as the formal consultations, the Council has fulfilled its duty to collaborate with stakeholders. Regular meetings have been held with many organisations, including government departments, other health and social care regulators, the Council for the Regulation of Healthcare Professionals, trades unions and professional bodies, consumer organisations and Local Supervising Authorities for the supervision of midwives.
- The Council submitted evidence during the year to the Commons Health Committee in its inquiry into the abuse of older people.

## Nursing and Midwifery Council

### **5. Form of Accounts**

The accounts have been prepared in a form directed by the Privy Council with the approval of the Treasury in accordance with Article 52 of the Nursing and Midwifery Order 2001.

The Council has appointed new Auditors “haysmacintyre” this year replacing Lawrence and Co.

The Council has joint Auditors haysmacintyre and National Audit Office (NAO). Both haysmacintyre and NAO produce their audit report on the NMC’s final accounts.

### **6. Research and Development**

A piece of work was commissioned in October 2002 to develop competencies for programmes leading to registration on the specialist community public health nursing part of the new NMC Register. This work was carried out by an independent consultant and concluded in August 2003 with a final report. The Council also commissioned a strategic liaison group, including representation from the four government health departments, to advise and comment on the developing standards. A further piece of work was undertaken in February and March 2004 to consider the report of the consultation on this new part of the Register and to develop a document on the standards for proficiency required for specialist community public health nurses.

The University of Southampton continued to provide the NMC with quarterly reports of general analysis of UK health care matters and to highlight issues of significance for the regulation of nursing, midwifery and health visiting. The contractual agreement between the NMC and the University of Southampton came to an end on 31 March 2004.

The independent audit of the NMC’s quality assurance processes, which was carried out by a team from the Universities of Hull and York and King’s College London, concluded in May 2003.

The Welsh Institute of Health and Social Care was commissioned by the NMC in January 2004 to undertake a scoping exercise to identify and clarify issues for the requirements of standards for education and practice in post-registration nursing. The final report of this work was submitted to an NMC Task and Finish Group at the end of February 2004.

The NMC commissioned an independent consultant to produce a set of written policies regarding overseas applications to the Register, ensuring consistency with the relevant sections of the Nursing and Midwifery Order 2001. This piece of work was carried out between October 2003 and March 2004. This work will be continued during the next financial year by a substantive postholder.

An outside consultancy was commissioned in September 2003 to assist the Registration team with a project to map registration processes. This identified a number of potential efficiency improvements that an internal project team was set up to explore. As a consequence there have been improvements to the error rates in several major registration processes that have speeded up workflows.

### **7. Fixed Assets**

Information relating to changes in tangible fixed assets is given in note 13 to the accounts. The accounting policy regarding fixed assets has been altered in the light of an accounts direction detailed on Appendix 1. The change in accounting policy is further detailed in note 28 to the accounts. The cost of fixed assets additions during the year was £260,000.

### **8. Better Payment Practice Code**

It is Council policy to observe the principles of the better payment practice code by settling all undisputed invoices within 30 days. Procedures are in place to monitor performance. Council paid 92% of invoices within 30 days.

## Nursing and Midwifery Council

- 9. Disabled Employees and Equal Opportunities** The NMC is an equal opportunities employer and provides employment opportunities and advancement for all suitably qualified persons regardless of age, sex, religion, ethnic origin, marital status, dependants, disability or political beliefs. The NMC does not regard disablement as a bar to recruitment or advancement; selection is based upon the ability of the individual to do the job.
- 10. Employee Involvement** The NMC places considerable reliance on the involvement of its employees. It makes every effort to ensure that all staffs are kept informed of the NMC's plans and developments. The main channels of communication include whole organisation meetings, monthly team briefings, a programme of regular meetings of the Joint Staff Consultative Committee (JSCC) and email.
- 11. Health and Safety** The NMC is committed to adhering to the Health and Safety at Work Act 1974 and other related UK and European requirements to ensure that staff and customers enjoy the benefits of a safe environment.
- 12. Euro** There are currently no plans to facilitate the use of the Euro. However it is felt that its impact on the Council will be very slight.
- 13. Reserves Policy** NMC free reserves are currently £(6,536k). NMC wants to set a reserve level equivalent to 6 months expenditure, which would equate to £10.5m, plus a computed sum for evaluated risk.
- A recovery plan is now in place, which has entailed substantial increases in fees from 2004 designed to achieve the free reserves target amounting to the equivalent of 6 months worth of annual expenditure by 2010.
- 14. Investment powers policy and performance.** NMC has the power to invest its surplus funds as it considers appropriate to generate income for the Council. Currently NMC is formulating a formal investment policy. Council is exploring low and no risk options. At present surplus NMC funds are place on the money market.
- 15. Risk Review** A risk review was conducted and risks to NMC were identified. NMC has implemented systems and procedures to mitigate risks. This is an ongoing process throughout the year.
- 16. Council Members** The Members of the Council during the year ended 31 March 2004 are listed on page 27.

*Mr Jonathan Asbridge*  
President, NMC

Date: 15 December 2004

## Nursing and Midwifery Council

### **STATEMENT OF RESPONSIBILITIES OF COUNCIL AND ITS CHIEF EXECUTIVE IN RESPECT OF THE ACCOUNTS**

The accounts are prepared in accordance with the Accounts Guidance received from the Privy Council which requires the accounts to be prepared in accordance with the Statements of Recommended Practice 'Accounting by Charities' and that the accounts also comply with the Applicable Accounting Standards issued or adopted by the Accounting Standards Board.

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

- a. observe the applicable accounts directions issued by the Privy Council;
- b. select suitable accounting policies and then apply them consistently;
- c. make judgements and estimates on a reasonable basis;
- d. prepare the accounts on a going concern basis unless it is inappropriate to presume the Council will continue in operation; and
- e. state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements.

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

The Privy Council has appointed the Chief Executive of the Nursing and Midwifery Council as accounting officer for the Nursing and Midwifery Council. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for keeping of proper records, are set out in the Accounting Officer's Memorandum, issued by the Privy Council, and published in "Government Accounting".

## Nursing and Midwifery Council

### STATEMENT ON INTERNAL CONTROL

#### *Scope of responsibility*

As Accounting Officer and President of the Council, we have responsibility for maintaining a sound system of internal control that supports the achievement of the Nursing and Midwifery Council's policies, aims and objectives, while safeguarding the public funds and assets for which we are personally responsible

The post of Chief Executive/Registrar of the Nursing and Midwifery Council, carries with it the responsibility of Accounting Officer. The Chief Executive/Registrar is responsible for the execution of the Council's obligations under the Nursing and Midwifery Order 2001 and is accountable to the Privy Council and NMC.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Nursing and Midwifery Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. During 2003-04, the NMC began to put in place the procedures necessary to implement HM Treasury guidance relating to risk management. Time will be required to fully embed the risk management procedures which the NMC has agreed should be established, and ensure their robustness.

#### *Capacity to handle risk & the risk and control framework*

The system of internal control which NMC is implementing, is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed by the Executive Management Board, Finance and Business Planning Committee and agreed by the Council;
- regular reviews by the Finance & Business Planning Committee of monthly and annual financial performance against forecast;
- setting targets to measure financial and other performance (Balanced scorecard);
- clearly defined procedures for the authorisation and control of items of revenue and capital expenditure;
- the development of an organisation wide Risk Register;
- a Council which meets to consider the plans and strategic direction of the NMC (the Council comprises the Management group including the Chief Executive, and 23 externally appointed members including the Council President);
- a regular programme of facilitated workshops to identify and keep up to date the record of risks facing the organisation;
- a programme of risk awareness training.

In addition to the above processes, in the coming year, the Nursing and Midwifery Council, plans to:

- establish a system of risk indicators; and
- develop an organisational wide Risk Register.

The main risks facing the NMC in 2003-04 were the risks to the:

- successful opening of the new Register plus associated legislation; and
- successful delivery of the finance recovery plan.

## Nursing and Midwifery Council

### *Review of effectiveness*

As Accounting Officer and President of the Council, we have responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letters and other reports. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Executive Management Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Our review of the effectiveness of the system of internal control included

- periodic reports from the Chairman of the Audit Committee to the Council concerning internal control as covered by internal audit
- the Council has its own Internal Audit function which operates within the organisation and reports to the Audit Committee. The Head of Internal Audit works to an annual audit plans based on risk, and produces regular internal audit reports, to standards defined in the *Government Internal Audit Manual*. The reports provide an independent opinion on the adequacy and effectiveness of the NMC's system of internal control together with recommendations for improvement. Where enhancements to control systems are identified, they are prioritised and management action plans prepared.

The NMC intends to develop its risk management processes over the next year, including establishment of a corporate risk register, training in risk management procedures for all key staff, setting up forums for risk discussions, and embedding of risk management throughout the organisation. Other actions in hand include implementation of a new finance system, which will result in changes to purchasing procedures from 2005-06.

*Mr Jonathan Asbridge*  
*President, NMC*

*Mrs Sarah Thewlis BA FCIPD hon FRCGP FRSA*  
*Chief Executive and Registrar, NMC*

Date: 15 December 2004

Date: 15 December 2004

**INDEPENDENT AUDITORS' REPORT TO THE NURSING AND MIDWIFERY COUNCIL**

We have audited the financial statements of Nursing and Midwifery Council for the year ended 31 March 2004 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Council, as a body, in accordance with the regulations made under the Charities Act 1993. Our audit work has been undertaken so that we might state to the Council 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 charity and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of council and auditors***

The Council's responsibilities for preparing the Council Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Council's Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Councils' Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Council Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

***Basis of audit opinion***

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

***Opinion***

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2004 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

haysmacintyre  
Chartered Accountants  
Registered Auditors  
16 December 2004

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER  
AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I have audited the financial statements on pages 11 to 26 and the report thereon of the auditors appointed by the Nursing and Midwifery Council, in accordance with Article 52 of the Nursing and Midwifery Order 2001. These financial statements have been prepared in the form directed by the Privy Council; they have been prepared under the historical cost convention and the accounting policies set out on pages 14 to 15.

***Respective responsibilities of the Nursing and Midwifery Council, the Chief Executive and the Auditor***

As described on page 6, the Nursing and Midwifery Council and its Chief Executive are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions. The Council and the Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute, and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993 and directions made by the Privy Council under Article 52 of the Nursing and Midwifery Order 2001, and whether in all material respects the expenditure, income and resources funded by grant have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Council has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 7-8 reflects the Nursing and Midwifery Council's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Chief Executive's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Nursing and Midwifery Council's corporate governance procedures or its risk and control procedures.

***Basis of audit opinion***

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Nursing and Midwifery Council's circumstances, consistently applied and adequately disclosed.

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

***Opinion***

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Nursing and Midwifery Council as at 31 March 2004 and of the incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993, and the directions made by the Privy Council; and
- in all material respects the expenditure, income and resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

**John Bourn**  
**Comptroller and Auditor General**  
**21 December 2004**

**National Audit Office**  
**157-197 Buckingham Palace Road**  
**Victoria, London SW1W 9SP**

Nursing and Midwifery Council

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2004

	Note	Unrestricted Funds 2004 £'000	Restricted Funds 2004 £'000	Total Funds 2004 £'000	As Restated Total Funds 2003 £'000
<b>INCOMING RESOURCES</b>					
Investment Income	2	762	-	762	878
Fee Income	3	16,434	-	16,434	13,744
Donations	27	-	25	25	-
ACTIVITIES FOR GENERATING FUNDS:					
Trading Income	4	454	-	454	322
GRANTS RECEIVABLE FROM GOVERNMENT BODIES	27	-	1,125	1,125	2,534
<b>TOTAL INCOMING RESOURCES</b>		<b>17,650</b>	<b>1,150</b>	<b>18,800</b>	17,478
<b>RESOURCES EXPENDED</b>					
DIRECT CHARITABLE EXPENDITURE	5	16,227	1,418	17,645	16,952
OTHER EXPENDITURE					
Publicity	6	1,849	-	1,849	1,979
Management and Administration	7	1,376	-	1,376	1,008
COST OF GENERATING FUNDS					
Trading Expenditure	8	73	-	73	48
<b>TOTAL RESOURCES EXPENDED</b>		<b>19,525</b>	<b>1,418</b>	<b>20,943</b>	19,987
<b>NET OUTGOING RESOURCES FROM OPERATIONS</b>		<b>(1,875)</b>	<b>(268)</b>	<b>(2,143)</b>	(2,509)
<b>LOSSES ON INVESTMENTS</b>					
Realised loss from investments	14	(236)	-	(236)	(318)
<b>NET MOVEMENT IN FUNDS</b>		<b>(2,111)</b>	<b>(268)</b>	<b>(2,379)</b>	(2,827)
Reserves transferred from UKCC					8,324
Prior Period Adjustment	28				97
Reserves brought forward as restated		5,261	333	5,594	8,421
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>£3,150</b>	<b>£65</b>	<b>£3,215</b>	£5,594

All of the Council's activities in the above two financial years were derived from continuing operations.  
All recognised gains and losses are included in the above statement.  
The notes on pages 14 to 26 form part of these accounts.

Nursing and Midwifery Council

**BALANCE SHEET AS AT 31 MARCH 2004**

		<b>2004</b>	<b>As Restated</b>
	Note	<b>£'000</b>	2003
			£'000
<b>FIXED ASSETS</b>			
Tangible assets	13	<b>9,686</b>	9,802
Investments	14	<u>-</u>	<u>4,961</u>
<b>TOTAL FIXED ASSETS</b>		<u><b>9,686</b></u>	<u>14,763</u>
<b>CURRENT ASSETS</b>			
Debtors	16	<b>422</b>	1,356
Cash at bank and in hand		<u><b>17,615</b></u>	<u>9,897</u>
<b>TOTAL CURRENT ASSETS</b>		<b>18,037</b>	11,253
<b>CREDITORS</b> (amounts falling due within one year)	17	<u><b>(14,414)</b></u>	<u>(11,282)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u><b>3,623</b></u>	<u>(29)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>13,309</b>	14,734
<b>CREDITORS</b> (amounts falling due after more than one year)	18	<b>(9,509)</b>	(8,915)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	19	<u><b>(585)</b></u>	<u>(225)</u>
<b>NET ASSETS</b>		<u><u><b>£3,215</b></u></u>	<u><u>£5,594</u></u>
<b>Restricted Fund</b>	27	<b>65</b>	333
<b>Unrestricted Fund</b>		<u><b>3,150</b></u>	<u>5,261</u>
<b>TOTAL FUNDS</b>		<u><u><b>£3,215</b></u></u>	<u><u>£5,594</u></u>

The notes on pages 14 to 26 form part of these accounts.

*Mr Jonathan Asbridge*  
President, NMC

*Mrs Sarah Thewlis* BA FCIPD hon FRCGP FRSA  
Chief Executive and Registrar, NMC

Date: 15 December 2004

Date: 15 December 2004

Nursing and Midwifery Council

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004**

		2004		2003	
	Note	£'000	£'000	£'000	£'000
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	23		<b>2,297</b>		(197)
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>					
Interest Received		<b>956</b>		868	
Dividends Received		<u>-</u>		<u>-</u>	
			<b>956</b>		868
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Payments to acquire Tangible Fixed Assets	13	<b>(260)</b>		(138)	
Receipts from Investment Portfolio	14	<u><b>4,725</b></u>		<u>-</u>	
			<b>4,465</b>		(138)
<b>INCREASE IN CASH IN THE YEAR</b>	24		<u><b>7,718</b></u>		<u><b>533</b></u>

The notes on pages 14 to 26 form part of these accounts.

# Nursing and Midwifery Council

## Notes to the Accounts

### 1. Accounting Policies

The accounts are prepared in accordance with the Accounts Direction (see Appendix 1) from the Privy Council which requires the accounts to be prepared in accordance with the Statement of Recommended Practice 'Accounting by Charities' (Charities SORP 2000) and that the accounts also comply with the applicable Accounting Standards issued or adopted by the Accounting Standards Board.

#### (a) Accounting convention

The accounts are prepared under the historical cost convention.

The comparative figures have been restated to account for a prior period adjustment as disclosed in note 28.

#### (b) Depreciation

Depreciation is provided on tangible fixed assets to write them down to a nominal value of £1 over their estimated useful lives in equal annual instalments as follows:

Furniture	— 10 years
Equipment	— 3 years
Leasehold Premises	— 50 years

Tangible fixed assets costing over £1,000 have been capitalised.

#### (c) Resources arising - income

##### *Investment income*

Investment income is accounted for when receivable and includes the related tax recoverable.

##### *Income from charitable trading*

Registration, Verification and Replacement of PIN card fees have been credited to Income on the day of receipt. Periodic Fees have been allocated to the appropriate financial year based on the accruals concept.

##### *Grants receivable*

Grants are recognised in the statement of financial activities when the conditions for receipt have been complied with. Where a grant is received relating to a future accounting period, the statement of financial activities shows the gross amount received.

#### (d) Allocation of costs

The charity's operating costs include staff costs, premises costs and other related costs. Such costs are allocated between direct charitable expenditure, publicity and management and administration. Staff costs are allocated according to the costs of staff working directly in the relevant departments. Premises costs are allocated according to staff numbers in each department and computer and other costs are apportioned to departments on an appropriate basis (eg usage, staff numbers).

## Nursing and Midwifery Council

### *Direct charitable expenditure*

Direct charitable expenditure includes all expenditure related to the objects of the charity which comprise Fitness to Practise, Research, Maintaining the Register, cost of new Register and Standards Promotion & Policy Development.

### *Other expenditure*

Other expenditure is analysed under the following three headings:

#### Publicity

Publicity costs relate to the costs of the Communications department, the main element of which is the expenditure on the Council's newsletter 'NMC News'.

#### Management and Administration

Management and Administration costs relate to expenditure incurred in the management of the Council's assets, organisational administration and compliance with statutory requirements.

#### Cost of Generating Funds

This cost relates to expenditure on the trading activities.

### **(e) Investments**

Investments are stated at market value. Realised and unrealised gains and losses are shown separately in the appropriate section of the statement of financial activities.

### **(f) Development costs**

Costs incurred on software developments are written off in the year in which they are incurred.

### **(g) Fund accounting**

The Council maintains various types of funds as follows:

#### i) Restricted funds

These are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### ii) Unrestricted funds

These are funds, which are available for use at the discretion of the council in the furtherance of the general objectives of the organisation and which have not been designated for other purposes.

### **(h) Leased Assets**

Rentals applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities in equal amounts over the periods of the leases.

### **(i) Pension Costs**

Retirement benefits are provided by a defined benefits scheme, which is funded by contributions from both the Council and employees. Payments are made to a pension trust, which is financially separate to the Council. These payments are made in accordance with periodic calculations by professionally qualified actuaries. Pension costs are accounted for on a basis of charging the expected cost of providing pensions over the period during which the Council benefits from the employees' services. The effect of variations from regular costs are spread over the expected average remaining service lives of members of the scheme.

## Nursing and Midwifery Council

### 2. Investment Income

	2004 £'000	2003 £'000
Income from UK listed Investments		
- Interest on Treasury Stock	379	591
Interest receivable		
- from Money market	340	264
- from Deposit account	43	23
	762	878

### 3. Fee Income

	2004 £'000	2003 £'000
Periodic Fees	11,254	9,317
Registrations	4,935	4,177
Verifications	207	214
Replacement of PIN cards	37	34
Miscellaneous	1	2
	16,434	13,744

### 4. Other Income

	2004 £'000	2003 £'000
<b>Trading Income</b>		
- Mailing Inserts	326	191
- Sales of Publications	50	52
- Advertising	51	64
- NMC for Jobs	27	15
	454	322

### 5. Direct Charitable Expenditure

	Unrestricted £'000	Restricted £'000	2004 £'000	As restated 2003 £'000
Research	-	-	-	(11)
Standards Promotion and Policy Development	2,421	333	2,754	3,118
Maintaining the register	5,489	-	5,489	5,599
Fitness to Practise	8,317	-	8,317	8,246
Cost of New Register	-	1,085	1,085	-
	16,227	1,418	17,645	16,952

The Fitness to Practise costs include direct costs (as in note 10), staff costs and related overheads.

Restricted expenditure (see note 27).

## Nursing and Midwifery Council

### 6. Other Expenditure - Publicity

	2004 £'000	2003 £'000
Conferences, Seminars and Publicity	83	79
Council Newsletter 'NMC News'	584	662
Communications	169	176
Printing of Council Publications	415	508
Allocation of operating costs (inc. Salaries) (Note 1d)	598	554
	<b>1,849</b>	<b>1,979</b>

### 7. Other Expenditure - Management and Administration

	2004 £'000	2003 £'000
Members' Travel and Subsistence	369	299
Auditors' Remuneration - Audit fees	23	23
Auditors' Remuneration - Audit fees – NAO	4	4
Auditors' Remuneration - Other fees	3	12
Allocation of operating costs (inc. Salaries) (Note 1d)	977	670
	<b>1,376</b>	<b>1,008</b>

### 8. Other Expenditure – Cost of Generating Funds

	2004 £'000	2003 £'000
Trading Expenditure	73	48
	<b>73</b>	<b>48</b>

### 9. Total Resources Expended

	Staff Costs £'000	Depreciation £'000	Other Costs £'000	Total 2004 £'000	As restated Total 2003 £'000
Direct Charitable Expenditure					
Research	-	-	-	-	(11)
Standards Promotion and Policy Development	1,470	64	1,220	2,754	3,118
Maintaining the Register	3,335	165	1,989	5,489	5,599
Fitness to Practise	1,684	103	6,530	8,317	8,246
Other Expenditure					
Publicity	366	19	1,464	1,849	1,979
Cost of Generating Funds	-	-	73	73	48
Management and Administration	637	19	720	1,376	1,008
Cost of New Register	60	-	1,025	1,085	-
	<b>7,552</b>	<b>370</b>	<b>13,021</b>	<b>20,943</b>	<b>19,987</b>

## Nursing and Midwifery Council

### 10. Total resources Expended by Natural Classification

	Note	<b>2004</b> <b>£'000</b>	<b>As</b> <b>restated</b> 2003 £'000
Salaries and Associated Costs		7,492	6,462
Project Manager Salary (Restricted)		60	-
Cost of New Register (Restricted)		1,025	-
Other Staff Expenses		141	109
Premises		318	395
Insurance		70	52
Sundry, Furniture, Equipment and Maintenance		243	209
Hire of Equipment		218	152
Fitness to Practise (Direct cost)		5,491	5,102
Depreciation		370	408
Nurses Welfare Service		135	328
Hospitality		27	24
Council Restaurant		114	106
Policy Development and Standards Promotion		268	765
Policy Development (Quality Assurance) - Restricted		333	-
Research		-	(11)
Loss on Furniture Disposal		4	4
Professional fees		282	120
VAT recovered from Customs & Excise		(117)	-
Auditors' Remuneration - Audit Fees		23	23
Auditors' Remuneration - Audit Fees (NAO)		4	4
Auditors' Remuneration - Other Fees		3	12
IT Development and Support		774	1,957
Telephones		122	163
Postage		611	530
Printing and Stationery		872	988
Advertising and Recruitment		248	207
Bank Charges		119	106
Communications		169	176
Conferences, Seminars and Publicity		83	79
Council Newsletter "NMC News"		584	662
Printing of Council Publications		415	508
Members' Travelling and Subsistence		369	299
Cost of Generating Funds		73	48
<b>Total Resources Expended</b>		<b>20,943</b>	<b>19,987</b>

## Nursing and Midwifery Council

### 11. Information regarding employees

	2004 £'000	2003 £'000
<b>Salaries and Associated Costs</b>		
Wages and Salaries:		
Management	592	464
Administration	4,289	3,405
Project Manager (Restricted)	47	-
Social Security Costs:		
Management	57	38
Administration	367	255
Project Manager (Restricted)	5	-
Pension Costs-Present Staff (Note 21):		
Management	73	74
Administration	587	435
Project Manager (Restricted)	8	-
Pension Costs-Retired Staff of Previous organisations (Note 21)	50	54
Temporary Staff	<u>1,477</u>	<u>1,737</u>
	<u><u>7,552</u></u>	<u><u>6,462</u></u>

- (i) Barts NHS Trust was paid £50,661 to reimburse them for the President's time (previous year: £48,689).
- (ii) A daily allowance of £260 is paid to members of the Council. Full details are shown in note 15.
- (iii) The Chief Executive/Registrar's total actual remuneration was £108,114 (Previous year £57,764 for the period from 19 August 2002 to 31 March 2003). This includes pension contributions paid by the Council of £16,346 (2003: £7,038). The Chief Executive/Registrar is an ordinary member of the Federated Pension Scheme and her age at 31 March 2004 was 45 years. At that date, her accrued pension was £2,166.74 per annum.
- (iv) The aggregate remuneration of the Directors was as follows:

	Age at 31/3/04	Salary (£)	Total Accrued Pension at 60 at 31/3/ 2004 (£)	Real increase in Pension at 60 (£)
G. Colbert	48 years	75,001 – 80,000	20,001-25,000	0-2,500
M. Forster	45 years	75,001 – 80,000	0-5,000	0-2,500
E. McAnulty	52 years	75,001 – 80,000	5,000 – 10,000	0-2,500
R. Robinson	Consent withheld	70,001 – 75,000	0 – 5,000	0-2,500

Pension benefits are provided through the Federated Pension Scheme. The scheme provides benefits on a 'final salary' basis at a normal retirement age of 60. Benefits accrue at a rate of 1/60<sup>th</sup> of pensionable salary for each year of service. In addition, members have the option to commute part of their pension for a tax-free lump sum. They also have the option to accept a lower pension in order to provide a pension for a surviving nominee. On death within five years of retirement, a lump sum is payable equal to the balance of the pension, which the pensioner would have received had he/she survived to the fifth anniversary of his/her retirement.

## Nursing and Midwifery Council

### 11. Information regarding employees (continued)

On death in service where there is no surviving spouse, a lump sum of twice pensionable pay is payable together with the return of all the member's contributions with compounded tax free interest of 3% per annum. On death in service where there is a surviving spouse, a pension equal to 1/60<sup>th</sup> of pensionable salary is payable for each year of service.

Medical retirement is possible in the event of permanent incapacity. In this case pensions are brought into payment immediately without actuarial reduction.

All the above employees are Ordinary members of the Federated Pension Scheme.

- (v) In addition to the above individuals, there was one member of staff whose remuneration fell in the band £50,001 - £60,000.
- (vi) The average number of employees in the year was 180 (management 6 and administration 174) and in the previous year was 149 (management 7 and administration 142).
- (vii) During the year, season ticket loans given to the Directors were as follows:

	£
S Thewlis	1,001–1,500
G Colbert	1,001–1,500

The season ticket loans are normally recovered in twelve equal instalments directly from individuals monthly salary.

### 12. Taxation

Due to its charitable status the Council is not liable to corporation tax.

### 13. Tangible Fixed Assets for use by the charity

	Furniture	Equipment	Long Leasehold Premises Note (a)	Long Leasehold Premises Note (b)	As restated  Total
	£'000	£'000	£'000	£'000	£'000
Cost :					
1 April 2003 – As restated	420	1,776	9,260	750	<b>12,206</b>
Additions during year	-	260	-	-	<b>260</b>
Disposals	(53)	(417)	-	-	<b>(470)</b>
31 March 2004	<u>367</u>	<u>1,619</u>	<u>9,260</u>	<u>750</u>	<b><u>11,996</u></b>
Depreciation					
1 April 2003 as restated	332	1,672	370	30	<b>2,404</b>
Charge for year	9	161	185	15	<b>370</b>
Disposals	(47)	(417)	-	-	<b>(464)</b>
31 March 2004	<u>294</u>	<u>1,416</u>	<u>555</u>	<u>45</u>	<b><u>2,310</u></b>
Net book value 31 March 2004	<u><u>73</u></u>	<u><u>203</u></u>	<u><u>8,705</u></u>	<u><u>705</u></u>	<b><u><u>9,686</u></u></b>
Net book value 31 March 2003	<u><u>87</u></u>	<u><u>105</u></u>	<u><u>8,890</u></u>	<u><u>720</u></u>	<b><u><u>9,802</u></u></b>

## Nursing and Midwifery Council

### 13. Tangible Fixed Assets for use by the charity - as restated

- (a) The new accounts direction from the Privy Council has been issued and is effective from 1.4.03. The direction does not require revaluations previously applied in accordance with the Modified Historic Cost Accounting (MHCA) regulations, and the fixed assets have therefore been restated in these accounts. The assets transferred from UKCC (the operational body from which NMC took over) have been accounted for at their open market value at the date of transfer (see b and c below) and all previously revaluations accounted for within Nursing and Midwifery Council reversed. Depreciation has been calculated on these assets as detailed within accounting policies. A policy of not re-valuing the assets in future years is to be adopted.
- (b) The UKCC acquired the leasehold interest in 23 Portland Place, London W1B 1PZ from the General Nursing Council for England and Wales at Nil cost. The lease expires in the year 2933. The lease was valued as at 31 December 2001 on existing use basis by external valuers Messrs Keith Cardale Groves, Chartered Surveyors, at £9,260,000. It should be noted that due to the restrictive user clause the lease is unassignable.
- (c) The UKCC acquired the leasehold interest in 21 Duchess Mews on 1 February 1991. The lease expires on 3 April 2953. The lease was revalued as at 31 December 2001 on existing use basis by external valuers Messrs Keith Cardale Groves, Chartered Surveyors, at £750,000.

### 14. Investments in UK as Fixed Assets

	2004 £'000	2003 £'000
<b>Total Investments</b>		
Market Value at 1 April	4,961	5,279
Sale proceeds	(4,725)	-
Net realised investment Loss	(236)	(318)
Market Value at 31 March	-	4,961
		2003 £'000
<b>Investments comprise the following</b>		
12.5% Treasury Stock 2003 - 2005	-	4,961
	-	4,961
		2003 £'000
<b>Cost</b>		
12.5% Treasury stock 2003 - 2005	-	5,816
	-	5,816

Treasury stock was realised for £4,725,000 in November 2003. The funds received from treasury stock were invested in short term money market.

## Nursing and Midwifery Council

### 15. Related Party Transactions

The Nursing and Midwifery Council is accountable to the Privy Council. The Nursing and Midwifery Order 2001 sets out the nature of the relationship between the NMC and the Privy Council and the reporting mechanisms required. While not accountable to the Department of Health, the NMC has regular contact with the Department on policy and other matters. For the year in question, the department provided some transitional funding to the Council – see note 27.

During the year, travel & subsistence expenses of £369,000 were paid to the 33 members of the Council. 25 members held floats for the payment of travel and subsistence expenses. The total amount held by these members was £23,000.

In addition to the above, the following Members received an attendance allowance, approved by the Council. The NMC reimbursed employers of other Members for their time incurred on NMC business.

A provision of £120,000 has been made (see note 19) for potential Income tax and National Insurance liabilities on these payments for attendance allowance and travel and subsistence expenses.

Members	£	Alternates	£
Mrs M. Ali	9,360	Miss M. E. Jones	1,560
Mrs E Bannon	780	Ms N. Kirkland	3,900
Reverend W. A. G. Buxton	17,940	Ms A. O'Connor	780
Mrs J. N. Carter	11,960	Mrs A. Roberts	3,980
Ms M. Cowpe	780	Ms M. Vance	260
Professor A. Ferguson OBE	5,590	Mrs S. Wright	1,300
Ms P Frost	4,810		
Mrs C. Funnell	5,070		
Ms S. M. Hall	780		
Mr J. L. Jones	16,870		
Mrs K. McLean	18,720		
Professor D. Pennington	2,080		
Mr T. G. Purt	2,080		
Ms H Shaw	520		
Mrs B. Webster	1,820		
Mrs I White	780		
Mrs F Wright	7,670		

The above table represents payments made directly to Council Members by the NMC but does not relate directly to the number of days committed by Council Members.

### 16. Debtors

	2004 £'000	2003 £'000
Other Debtors	122	1,007
Prepayments and Accrued Income	300	349
	<u>422</u>	<u>1,356</u>

### 17. Creditors

	2004 £'000	As Restated 2003 £'000
(amounts falling due within one year)		
Other Creditors	3,275	1,984
Other Taxes and Social Security	143	104
Deferred Income - Periodic Fee for 2004/2005	-	9,194
Deferred Income - Periodic Fee for 2005/2006	10,996	-
	<u>14,414</u>	<u>11,282</u>

## Nursing and Midwifery Council

<b>18. Creditors</b>	(amounts falling due after more than one year)	<b>2004</b>	2003
		<b>£'000</b>	£'000
	Deferred Income - Periodic Fee 2004/2005	-	6,466
	Deferred Income - Periodic Fee 2005/2006	<b>6,982</b>	2,443
	Deferred Income - Periodic Fee 2006/2007	<b>2,517</b>	6
	Deferred Income - Periodic Fee 2007/2008	<b>10</b>	-
		<u><b>9,509</b></u>	<u><b>8,915</b></u>

Deferred income relates to periodic fees prepaid, for amounts falling due after more than one year.

### 19. Provision for Liabilities and Charges

	<b>£'000</b>
At 1 April 2003	<b>225</b>
Provision for the year	<b>360</b>
As at 31 March 2004	<u><b>585</b></u>

The £585,000 provision relates to the potential Income tax and National Insurance liabilities on Members' (03/04-£120,000, 02/03-£75,000) and Panellists' (03/04 £240,000, 02/03-£150,000) expenses and attendance allowances.

### 20. Charitable Status

On 27 March 2002 the Council was registered in the Central Register of Charities (Charity No.1091434). In view of this a rate relief has been allowed by the City of Westminster. There are also tax benefits because of this status (Note 12).

## Nursing and Midwifery Council

### 21. Pension Commitments

The Council participates jointly with the Department of Health, NHS Education for Scotland, Health Professions Wales and Nurses Welfare Trust in a Federated Pension Scheme (FPS 1654). The scheme, to which most of the Council's employees belong, is administered by Federated Pension Services and is a funded, defined benefit scheme.

Contributions to the scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives. Contributions are determined by a qualified actuary on the basis of triennial valuations.

The latest valuation of the scheme was carried out by William M Mercer Limited as at 31 March 2002, using the projected unit method of valuation. At the date of the valuation the market value of the fund of the scheme was £44,641,000 (excluding annuities purchased to meet pension benefits). The actuarial value of the assets represented 87% of the value of the benefits, which had accrued to members after allowing for expected future increases in earnings and pensions. The past service shortfall of assets is being amortised over the remaining service lives of the employees. The main assumptions used in the valuation were a real return on investments above salary increases of 2.7% per annum and above pension increases of 2.8% per annum.

The pension cost assessed on the basis of past actuarial advice and charged in the account was as follows:

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Council's (employer's) contributions to all schemes made in year	<b>668</b>	509
	<b>668</b>	509
Council's (employer's) contribution	<b>20.6%</b>	20.6%
Employees' contribution	<b>6%</b>	6%

If the scheme had discontinued on the valuation date (31 March 2002), the assets would have been approximately 80% of the amount necessary to purchase insurance contracts to meet the accrued benefits for active members and past leavers and the current benefits for pensioners.

Accounting standard, FRS 17: Retirement Benefits, is being introduced which changes the method by which pension information is calculated and presented in the financial statements. Since this is a multi-employer scheme, it is not possible to identify NMC's share of the underlying assets and liabilities.

In these circumstances, FRS 17 provides for contribution to the scheme to be accounted for as if it were a defined contribution scheme. As such, the cost recognised within the Council's SOFA will be equal to the contribution payable to the scheme for the year.

The Council meets the cost of unfunded pension increases provided to pensioners of predecessor organisations who are not members of FPS 1654. These costs are met on a pay-as-you-go basis and are charged to the Statement of Financial Activities as they arise. In 2003-2004 this expenditure amounted to £50,396 (2003 - £53,584).

Whilst the actuaries are currently valuing the Scheme as at 31 March 2004, early indications from them are that the Scheme has a sizeable deficit. Advice from the actuaries and Scheme trustees will be carefully considered following the receipt of their valuation report and NMC's contributions may need to be increased.

## Nursing and Midwifery Council

### 22. Capital Commitments

At 31 March 2004, there was no capital expenditure that was approved but not contracted for nor any capital expenditure that had been contracted for but that had not been provided for in the financial statements.

### 23. Reconciliation of Net Outgoing Resources to Net Cash Outflow from Operating Activities

	2004 £'000	As Restated 2003 £'000
Net outgoing resources	(2,143)	(2,509)
Investment income	(762)	(878)
Depreciation Charges	370	408
Deficit on Disposal of Tangible Fixed Assets	4	4
Decrease/Increase in Debtors	740	(798)
Increase in Creditors and provisions	4,088	3,576
	<u>2,297</u>	<u>(197)</u>

### 24. Reconciliation of Net Cash flow to Movement in Net funds

	2004 £'000	2003 £'000
Increase in Cash in Period	7,718	533
Net funds at 1 April 2003	<u>9,897</u>	9,364
Net funds at 31 March 2004	<u>17,615</u>	<u>9,897</u>

### 25. Analysis of changes in Net Fund

	1 Apr 03 £'000	Cash Flows £'000	31Mar 04 £'000
Cash at Bank and in hand	<u>9,897</u>	<u>7,718</u>	<u>17,615</u>
Total	<u>9,897</u>	<u>7,718</u>	<u>17,615</u>

### 26. Leasing Commitments

	2004 £'000	2003 £'000
At 31 March 2004 the Council had commitments for payments in the following year under non-cancellable operating leases as set out below:		
Operating leases which expire:		
within 1 year	-	46
in the second to fifth years inclusive	<u>233</u>	<u>1</u>
Annual commitment at 31 March 2004	<u>233</u>	<u>47</u>

The rent payable under an operating lease for land and buildings is less than £1,000 per year and expires in more than five years.

## Nursing and Midwifery Council

### 27. Movement in Restricted Funds

Restricted funds comprised grants from the Department of Health and devolved Boards for Scotland and Wales given for specific purposes as follows:

	<b>2004</b>	<b>As restated</b>
	<b>£'000</b>	<b>2003</b>
		<b>£'000</b>
• NMC set-up cost – Department of Health	-	1,500
• Quality Assurance Expenditure for 2003/04 and 2004/05	-	
-NHS Education for Scotland	-	385
-Health Professions Wales	-	280
• Fitness to Practise Activities- Department of Health	-	369
• Donation	<b>25</b>	-
• New Register Set Up Cost	<b>1,125</b>	-
	<u><b>1,150</b></u>	<u>2,534</u>
	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 1 April</b>	<b>333</b>	97
<b>Income</b> (from Governmental Bodies)		2,534
- Donation	<b>25</b>	-
- Grant for New Register	<b>1,125</b>	-
<b>Expenditure</b> (see note 5)		(2,298)
- New Register	<b>(1,025)</b>	-
- Project Manager Salary	<b>(60)</b>	-
- Quality Assurance	<b>(333)</b>	-
Balance at 31 March 2004	<u><b>65</b></u>	<u>333</u>

Grants for a total of £1,125,000 (2002/03 - £2,534,000) were receivable from the Department of Health to fund the setting up of the new Register. £65,000 was unspent as at 31/03/2004, this amount will be utilised for New Register activities in the following year.

The grant of £332,500 was also utilised this year, which was received last year for the quality assurance activity from the devolved boards.

### 28. Prior Period Adjustment

These accounts include a prior period adjustment to correct the accounting treatment previously adopted for deferred income :

	<b>£</b>
Opening reserves (1 April 2002)	8,324
Prior Period Adjustment	<u>97</u>
Opening Reserves as restated	<u>8,421</u>

These accounts have also been restated as a result of a change of accounting policy in relation to fixed assets. Previously fixed assets were re-valued at the year end in accordance with indices. To accord with the accounting direction, fixed assets are not now re-valued, and an adjustment has been made to restate the prior years accounts to remove the revaluation surplus and charge depreciation on the balances as transferred from the previous operating entity UKCC. The effect on the results for the current and prior year are a reduction in the depreciation charge for the year of £55k and £34k respectively. The prior year revaluation gain of £1,400k has also been reversed.

## Nursing and Midwifery Council

### Nursing and Midwifery Council Membership of the Central Council 1 April 2003 – 31 March 2004

#### Appointed or selected by the Privy Council

##### President

Mr. J. Asbridge Nursing Representative, ENGLAND Apt by Privy Council

##### Council Members

	Address/COUNTRY	Appointed or elected 1 April 2002 unless stated otherwise.
Mrs. M. Ali	SCOTLAND	Apt by Privy Council
Mrs. E. Bannon	Midwifery Representative, NORTHERN IRELAND	Apt by Privy Council
Reverend W. A. G. Buxton	ENGLAND	Apt by Privy Council
Mrs. J. N. Carter	ENGLAND	Apt by Privy Council
Ms M. Cowpe	Health Visiting Representative, WALES	Apt by Privy Council
Professor G. Dickson	SCOTLAND	Apt by Privy Council
Professor A. Ferguson OBE	NORTHERN IRELAND	Apt by Privy Council
Ms P Frost	SCOTLAND (Apt Dec 2003)	Apt by Privy Council
Mrs. C. Funnell	ENGLAND	Apt by Privy Council
Mrs. C. Gritzner	ENGLAND	Apt by Privy Council
Ms. S. M. Hall	Nursing Representative, WALES	Apt by Privy Council
Professor M. Hanratty	NORTHERN IRELAND	Apt by Privy Council
Mr. J. L. Jones	WALES	Apt by Privy Council
Mrs. J. Keats	Midwifery Representative, WALES	Apt by Privy Council
Mrs K. McLean	Nursing Representative, SCOTLAND	Apt by Privy Council
Ms L Ness	Midwifery Representative, WALES (Apt Mar 2004)	Apt by Privy Council
Professor D. Pennington	ENGLAND	Apt by Privy Council
Mr. T. G. Purt	ENGLAND	Apt by Privy Council
Ms. H. Shaw	Midwifery Representative, SCOTLAND	Apt by Privy Council
Mrs. C. L. Warwick	Midwifery Representative, ENGLAND	Apt by Privy Council
Mrs. B. Webster	Health Visiting Representative, ENGLAND	Apt by Privy Council
Mrs I White	Health Visiting Representative, SCOTLAND	Apt by Privy Council
Mrs F Wright	Health Visiting Representative, NORTHERN IRELAND	Apt by Privy Council

##### Alternate Council Members

	Address/COUNTRY	Appointed or elected 1 April 2002 unless stated otherwise.
Ms C Hayes	Midwifery Representative, WALES	Apt by Privy Council
Ms M Jamison	Health Visiting Representative, NORTHERN IRELAND	Apt by Privy Council
Ms M Eiri Jones	Nurse Representative WALES (apt. Dec 2003)	Apt by Privy Council
Ms N Kirkland	Nursing Representative, SCOTLAND	Apt by Privy Council
Professor P Lewis	Midwifery Representative, ENGLAND	Apt by Privy Council
Mrs H Livesey	Health Visiting Representative, ENGLAND	Apt by Privy Council
Ms A O'Connor	Nursing Representative, NORTHERN IRELAND	Apt by Privy Council
Ms E Pollock	Midwifery Representative, NORTHERN IRELAND	Apt by Privy Council
Ms A Roberts	Health Visiting Representative, WALES	Apt by Privy Council
Professor D Sines	Nursing Representative, ENGLAND	Apt by Privy Council
Ms M Vance	Midwifery Representative, SCOTLAND	Apt by Privy Council
Mrs S Wright	Health Visiting Representative, SCOTLAND	Apt by Privy Council

# Nursing and Midwifery Council

## The Council's Advisors

### **Architects, Surveyors**

Geoff Beardsley and Partners  
4 Whitton Road  
Twickenham  
Middlesex TW1 1BJ

### **Bankers**

HSBC  
117 Great Portland Street  
London  
W1A 4UY

### **Joint Auditors**

haysmacintyre  
Chartered Accountants  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

### **Joint Auditors**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

### **Solicitors**

Hempsons  
33 Henrietta Street  
London  
WC2 8NH

**ACCOUNTS DIRECTION**

1. The Privy Council, with the approval of the Treasury, in pursuance of Article 52 of the Nursing and Midwifery Order 2001, hereby gives the following Direction:

In this Direction, unless the context otherwise requires –

“the Order” means the Nursing and Midwifery Order 2001

“the Council” means the Nursing and Midwifery Council.

2. The statement of accounts which it is the duty of the Council to prepare in respect of the financial year ended 31 March 2004 and subsequent financial years, shall be as set out in the following paragraphs.

3. The statement of accounts in respect of the Council shall comprise:

- (a) a foreword;
- (b) a statement of financial activities;
- (c) a balance sheet;
- (d) a cash flow statement;
- (e) notes to the accounts.

4. The statement of accounts shall give a true and fair view of the incoming resources, application of resources and cash flow for the year and the balance sheet shall give a true and fair view of the state of affairs at the end of the year. Subject to these requirements, the statement of accounts shall also, without limiting the information given, meet:

- (a) generally accepted accounting practice in the United Kingdom including accounting standards issued or adopted by the Accounting Standards Board;
- (b) all relevant guidance given by the Charity Commission, including the Statement of Recommended Practice (SORP) “Accounting by Charities”;
- (c) any disclosure and accounting requirements which the Treasury may issue from time to time;

insofar as these are appropriate to the Council and are in force for the financial year for which the statement of account is to be prepared.

5. A notional charge for the cost of capital need not be entered in the accounts, and is not required by the SORP. Nor need modified historic cost accounting (MHCA) be adopted with regard to fixed assets.
6. The accounts direction shall be reproduced as an appendix to the published account.

G C Donald  
Deputy Clerk of the Privy Council

Signed by the authority of the Privy Council  
Dated: 21 October 2004