

REGISTRAR OF COMPANIES

Fellowship of Postgraduate Medicine

Incorporating:
Davidson
Scholarship
Fund
(Charity
Registration
No. 313955)

Annual Report and Accounts

31 December 2001



Company Limited by Guarantee
Registration Number
721213 (England and Wales)

Charity Registration Number
313355

Buzzacott

Contents

Reports

Legal and administrative information	1
Report of the Council	3
Independent auditors' report	8

Accounts

Statement of financial activities	10
Balance sheet	12
Principal accounting policies	13
Notes to the accounts	15

Davidson Scholarship Fund

Statutory accounts – Charity Number 313955	20
---	----

Other

The following pages do not form part of the statutory accounts:	
Detailed income and expenditure account	21
Detailed schedule of investments	23

Legal and administrative information

Members of the Council	Dr G C Cook DSc MD FRCP -
	President
	Dr D Geraint James MA MD FRCP -
	Vice President
	Dr D J Coltart MD FRCP FACC -
	Honorary Secretary
	Dr M W N Nicholls FRCPATH -
	Director of Finance
	Dr J F Mayberry DSc MD FRCP -
	Editor Ex-Officio
	Prof P J Barnes MA DM DSc FRCP
	Dr J S Bolton FRCPsych
	Dr G O Cowan OBE QHP MB FRCP _(Edin)
	Prof J Dacre FRCP
	Dr C R K Hind MD FRCP
	Dr A Malcolm MD FRCP FFPM
	Dr D J R Morgan FRCP
	Dr L Newman CBE FRCGP
	Prof P A Routledge MD FRCP
	Dr D R J Singer MD MRCP
	Prof Dame L Southgate FRCP FRCGP
	Prof A Zumla FRCP _(Lond) FRCP _(Edin) PhD
Honorary Members of the Council	Mr J P Hopewell FRCS
	Dr A A G Lewis FRCP
	Dr C Rob FRCS
	Dr W Somerville FRCP
Registered/Principal office	12 Chandos Street
	London W1M 9DE
Telephone	(020) 7636 6334
Facsimile	(020) 7436 2535
Company registration number	721213 (England and Wales)
Charity registration number	313355

Legal and administrative information

Auditors	Buzzacott 12 New Fetter Lane London EC4A 1AG
Investment managers	HSBC Investment Management 6 Bevis Marks London EC3A 7JQ
Bankers	Barclays Bank PLC PO Box No 4BP Liberty House 212 Regent Street London W1A 4BP
Solicitors	Druces & Attlee Salisbury House London Wall London EC2M 5PS

Report of the Council 31 December 2001

The Council Members present their statutory report with the accounts of the Fellowship of Postgraduate Medicine for the year ended 31 December 2001.

The accounts have been prepared in accordance with the accounting policies set out on pages 13 and 14 of the attached accounts and comply with the charitable company's memorandum and articles of association, applicable laws, and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in October 2000.

Constitution

The Fellowship of Postgraduate Medicine is a registered charity and a company limited by guarantee, not having a share capital, (incorporated by licence of the Department of Trade and Industry), Company Registration No. 721213.

Organisation

The Fellowship of Postgraduate Medicine operates from 12 Chandos Street in London, which it leases from the Medical Society of London. The Fellowship sub-lets two rooms to The World Federation of Neurology and the Institute of Psychosexual Medicine.

The Fellowship came into being through the amalgamation of two organisations, the Fellowship of Medicine and the Postgraduate Medical Association. It was founded to meet the increased demand for training in civilian medicine that followed the end of the Great War (1914-18).

The Fellowship has always been independent of Government and University. It originally had a pioneering role in co-ordinating and providing an impetus to the development of postgraduate medical education in London and throughout the United Kingdom. With the establishment of other organisations such as the British Postgraduate Medical Federation, the Postgraduate Centre movement in hospitals throughout the country, and the postgraduate activities of Royal College and Faculties, its role inevitably changed, and the last course organised by the Fellowship took place in 1974. However, there are important areas of postgraduate medical education and research which are not covered by them, and the Fellowship is active in many of these.

Principal objectives and activities during the year

The principal objectives of the Fellowship remains unaltered; i.e. to promote the postgraduate study of medicine and to support continuing medical education. With this in mind, the Fellowship has given its full support to the Centre for Health Informatics and Multiprofessional Education (CHIME); it has agreed to pay the salary (at UCL rates) of the conference organiser of CHIME for an initial period of three years.

Principal objectives and activities during the year (continued)

Postgraduate Medical Journal

The Journal is the Fellowship's vehicle for meeting the objects of its constitution dedicated to the promotion of postgraduate education. It publishes a combination of original clinically orientated research papers, review articles, case reports, reports of national and international clinical meetings, and a diary of forthcoming postgraduate events. The editorial policy of the Journal is increasingly directed as a programme of structured continuing medical education. The Postgraduate Medical Journal is now available via a website, www.postgradmedj.com, and will run in parallel with the paper publication.

Medical Research

The Fellowship has always been eager to promote clinical research, particularly by young investigators in training.

The Fellowship offers research and travelling fellowships to young clinical research fellows to assist them in their work, a condition of acceptance being that they submit a report of their research for publication in the Journal.

Financial report for the year

The net movement in funds for the year was a deficit of £149,256 (2000 – deficit of £108,725).

Journal income overall rose from £251,458 in 2000 to £281,352 and the cost of the journal also rose from £223,944 in 2000 to £237,517 in 2001.

Subscription income, being the major component of journal income, decreased from £227,153 in 2000 to £224,247 in 2001. However, there was an increase in income from the internet and electronic licences. There was also an increase in the revenues from reprints. Overall income from the journal increased by £29,894 over the previous year. The gross margin receivable on the journal was just above 15% (2000 – 11%).

The Fellowship's investments have again performed poorly during the year, reflecting the poor market conditions during 2001.

The trustees of the Davidson Scholarship Fund agreed to close the bank account and transfer the small remaining balance to the Fellowship. This was done having obtained the prior agreement of the Charity Commission to strike the Davidson Scholarship Fund off the Register of Charities. The proceeds from the sale of the Davidson Scholarship Fund's National Savings Bonds in the prior year were also transferred to the Fellowship by way of a donation.

The Members of the Council consider the results to be satisfactory.

Investment policy

The Fellowship's investment portfolio is managed by HSBC Investment Management subject to the terms of a discretionary management agreement. Details of the Fellowship's investments are set out in note 9 to the accounts.

There are no restrictions on the charity's power to invest. The investment strategy is set by the Council and takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The overall investment policy is to maximise total return through a diversified portfolio, both in terms of income and capital appreciation.

Market conditions have been difficult in the year to 31 December 2001 and the investment portfolio has suffered both realised and unrealised losses.

Reserves policy and financial position

The Fellowship maintains a general fund to continue its promotion of postgraduate study of medicine by publishing a journal, arranging lectures, demonstrations and discussions from time to time and awarding occasional education, travelling and research grants.

The Fellowship's policy is to maintain adequate general reserves to provide continuing income from its invested funds, to have general funds sufficient to meet the requirement for working capital and to meet any temporary shortfall of funds so as to enable the fellowship to achieve its charitable objectives.

The balance sheet shows total funds of £566,612, of which £566,141 are general reserves. The trustees consider that this level of free reserves matches the parameters set out in the charity's reserves policy above and they, therefore, consider free reserves to be adequate but not excessive.

Risk management

The Treasurer, on behalf of the Council, has begun an assessment of the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity and its finances, and is working to ensure that controls are in place to mitigate those risks.

Council Members' responsibilities statement

Company law requires the Council Members, as charity trustees and directors, to prepare accounts which give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In preparing accounts giving a true and fair view, the trustees are required to:

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

Council Members' responsibilities statement (continued)

- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council members are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enables them to ensure that the accounts comply with the Companies Act 1985. The Council is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council

The Council Members are elected by the Members and constitute directors of the Fellowship for the purposes of the Companies Act 1985 and trustees of the Fellowship for the purposes of charity legislation.

The following Members were in office at 31 December 2001 and served throughout the year, except where shown.

Council Members	Appointed / Resigned
Prof P J Barnes	
Dr J S Bolton	Appointed 19 June 2001
Dr D J Coltart	
Dr G C Cook	
Dr G O Cowan	Appointed 19 June 2001
Prof J Dacre	
Dr C R K Hind	
Dr B I Hoffbrand	Resigned 19 June 2001
Mrs C Ingham Clark	Resigned 19 June 2001
Dr D G James	
Dr A Malcolm	
Dr J F Mayberry	
Dr D J R Morgan	
Dr L Newman	Appointed 19 June 2001
Dr M W N Nicholls	
Prof P A Routledge	
Dr D R J Singer	
Prof Dame L Southgate	
Prof A Zumla	

Honorary Council Members	Appointed / Resigned
Mr J P Hopewell	
Dr A A G Lewis	
Dr C Rob	
Dr W Somerville	

Report of the Council 31 December 2001

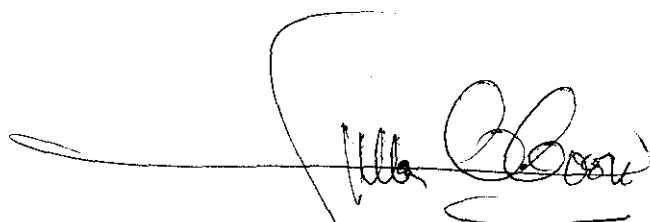
The Council (continued)

No Council Member received any remuneration for services as a member of the Council (2000 - £nil) but Dr J F Mayberry received an honorarium in respect of editorial duties totalling £7,500 (2000 - £7,500), together with expenses of £154 (2000 - £195). Four Council Members were also reimbursed expenses totalling £232 (2000 - £604). Trustees' indemnity insurance was paid amounting to £1,075 (2000 - £1,129).

Auditors

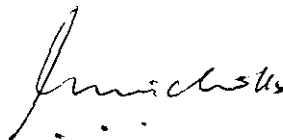
The auditors Buzzacott will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Council:



President

Director of Finance



Approved by the Council on:

18 June 2002.

Auditors' report to the Members of the Fellowship of Postgraduate Medicine

We have audited the accounts on pages 10 to 19 which have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and the accounting policies set out on pages 13 and 14.

Respective responsibilities of Members of the Council and auditors

As described on page 5, the Council Members are responsible for the preparation of the trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the Council is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the trustees' report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

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

Basis of opinion

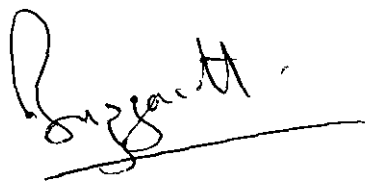
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements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

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts 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 accounts.

Independent auditors' report 31 December 2001

Opinion

In our opinion the accounts give a true and fair view of the Fellowship's state of affairs as at 31 December 2001 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Buzzacott', with a horizontal line drawn underneath it.

Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

22 July 2002

Statement of financial activities Year to 31 December 2001

	Notes	General Fund 2001 £	General fund 2000 £
Income and expenditure			
Incoming resources			
Donations and similar incoming resources			
. Davidson Scholarship Fund		16,529	—
Incoming resources from activities in furtherance of the charity's objects			
. Journal		281,352	251,458
Investment income and interest receivable	1	19,878	14,634
Total incoming resources		317,759	266,092
Resources expended			
Costs of activities in furtherance of the charity's objectives	2		
. Journal		237,517	223,944
. Grants		24,063	9,333
		261,580	233,277
Support costs	3	32,474	30,792
Costs of generating funds			
. Investment managers' fees		3,428	4,563
Management and administration of the Fellowship	4	8,362	20,133
Total resources expended		305,844	288,765
Net incoming (outgoing) resources for the year	5	11,915	(22,673)
Realised losses on investments		(31,466)	(10,973)
Statement of total recognised gains and losses			
Net expenditure		(19,551)	(33,646)
Unrealised losses on investments	9	(129,705)	(75,079)
Net movement in funds		(149,256)	(108,725)
Balance brought forward at 1 January 2001		715,868	824,593
Balance carried forward at 31 December 2001		566,612	715,868

Statement of financial activities (continued) Year to 31 December 2001

Historical cost net movement in funds	2001 £	2000 £
Net movement in funds (page 10)	(149,256)	(108,725)
Unrealised losses on investments	129,705	75,079
Difference between historical cost realised losses and the actual realised losses calculated on the revalued amounts	29,959	73,829
	10,408	40,183

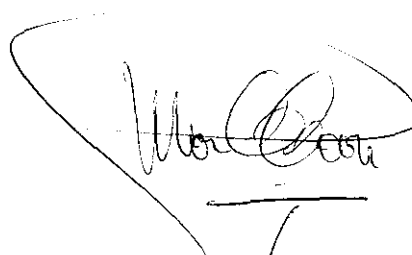
All of the Fellowship's activities derived from continuing operations during the above two financial periods.

Balance sheet 31 December 2001

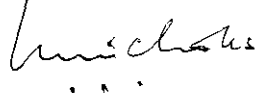
	Notes	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	8		4,597		5,738
Investments	9		538,503		707,502
			<u>543,100</u>		<u>713,240</u>
Current assets					
Debtors	10	28,721		19,403	
Cash at bank and in hand		<u>8,095</u>		<u>7,657</u>	
		36,816		27,060	
Creditors: amounts falling due within one year	11	<u>(13,304)</u>		<u>(24,432)</u>	
Net current assets			<u>23,512</u>		<u>2,628</u>
Total net assets			<u>566,612</u>		<u>715,868</u>
Represented by:					
Funds and reserves					
Funds on incorporation being surplus of assets at book value over liabilities at the date of incorporation	12		471		471
General fund	12		<u>566,141</u>		<u>715,397</u>
			<u>566,612</u>		<u>715,868</u>

Approved by the Council
and signed on its behalf by:

President


18 June 2002

Director of Finance



Approved on:

18.06.02

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 1985. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) have been followed in these accounts.

Income

All income is credited to the statement of financial activities on an accruals basis.

Publications and conference income receivable is in respect of the Fellowship's charitable activities in promoting the study of medicine.

Investment income comprises dividends and interest receivable and both are shown inclusive of tax recoverable.

Expenditure

Direct charitable expenditure comprises direct expenses incurred on the defined charitable purposes of the Fellowship and includes direct staff costs attributable to the activity (and an allocation of the general management and overhead costs).

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of office services and support staff.

Management and administration costs include expenditure on general administration, management, and compliance with constitutional and statutory requirements.

Cash flow

The accounts do not include a cash flow statement because the Fellowship, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Tangible fixed assets

Depreciation is calculated to write down the cost of tangible fixed assets over their expected useful lives as follows:

- ◆ Office furniture and fittings - 15% reducing balance
- ◆ Computer equipment - 25% on cost

Principal accounting policies 31 December 2001

Investments

Investments are included on the balance sheet at their market value at the end of the financial period. Realised and unrealised gains and losses are credited, or debited, to the statement of financial activities in the year in which they arise.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the Fellowship at the discretion of the Council.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on an accruals basis.

1 Investment income and interest receivable

	Total 2001 £	Total 2000 £
Equities and fixed interest stock	18,351	13,392
Bank interest	1,527	1,242
	19,878	14,634

2 Costs of activities in furtherance of the charity's objectives

	Total 2001 £	Total 2000 £
Journal		
Production, promotion, despatch and website development	173,781	163,430
Publishers share of surplus - British Medical Association	49,416	48,891
Reprints, printing and despatch	6,492	3,324
Editor's honorarium and expenses	7,828	8,299
	237,517	223,944
Grants		
Centre for Health Informatics and Multiprofessional Education (CHIME)	24,063	9,333

3 Support costs

	Total 2001 £	Total 2000 £
Salaries	10,691	10,688
Council meetings	1,123	493
Rent, rates, light and heat	20,775	20,573
Repairs and insurance	9,814	3,641
Depreciation	1,141	1,272
Equipment leasing and maintenance	1,243	2,117
Printing, postage, and stationery	155	164
Sundry expenses	2,559	2,629
Telephone	1,171	1,012
	48,672	42,589
Income from sublet rooms	(16,198)	(11,797)
	32,474	30,792

4 Management and administration of the Fellowship

	Total 2001 £	Total 2000 £
Auditors' remuneration		
· audit	3,150	3,000
· non-audit	4,850	8,605
Legal costs	200	8,528
Bank charges	162	—
	8,362	20,133

5 Net incoming (outgoing) resources for the year

This is stated after charging (crediting):

	2001 £	2000 £
Staff costs (note 6)	10,691	10,688
Depreciation	1,141	1,272
Operating lease rentals	1,214	2,117

6 Staff costs and Council Members' remuneration

	2001 £	2000 £
Staff costs during the year were as follows:		
Wages and salaries	10,000	10,000
Social security costs	691	688
	10,691	10,688

Staff costs were incurred in carrying out the direct charitable activities of the Fellowship.

No employee earned £50,000 per annum or more (including benefits) (2000 – none).

The average number of employees, analysed by function was:

	2001	2000
Support costs	1	1

No member of the Council received any remuneration in respect of their services as a member of the Council during the year (2000 – £nil). £1,075 (2000 – £1,129) was paid in respect of trustees indemnity insurance during the year.

Dr J Mayberry, a member of Council, received an honorarium in respect of editorial duties in the sum of £7,500 (2000 – £7,500). Expenses of £386 (2000 – £799) were reimbursed to five members of the Council.

Notes to the accounts 31 December 2001

7 Taxation

The Fellowship of Postgraduate Medicine is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

8 Tangible fixed assets

	Computer equipment £	Office furniture and fittings £	Total £
Cost			
At 1 January 2001	1,600	24,706	26,306
Additions	—	—	—
At 31 December 2001	1,600	24,706	26,306
Depreciation			
At 1 January 2001	800	19,768	20,568
Charge for year	400	741	1,141
At 31 December 2001	1200	20,509	21,709
Net book values			
At 31 December 2001	400	4,197	4,597
At 31 December 2000	800	4,938	5,738

The net book value at 31 December 2001 represents tangible fixed assets used in carrying out the direct charitable activities of the Fellowship.

9 Investments

	Total £
Listed investments	
Market value at 1 January 2001	665,064
Additions at cost	125,009
Disposals at carrying value (proceeds: £129,660; loss: £31,466)	(161,126)
Net unrealised investment losses	(129,705)
Market value at 31 December 2001	499,242
Cash held by investment managers for re-investment	39,261
	538,503
Cost of listed investments at 31 December 2001	556,492

Listed investments held at 31 December 2001 comprised the following:

	Total £
UK equities	317,300
Non UK equities	85,226
UK Fixed interest stock	76,211
Non UK fixed interest stock	20,505
	499,242

Notes to the accounts 31 December 2001

9 Investments (continued)

At 31 December 2001 the following individual investment holdings each had a market value in excess of 5% of the market value of the entire listed portfolio as at that date:

Holding	Market value of holding £	% of total portfolio %
Bank of Scotland 7.375%	47,924	9.6%
Glaxosmithkline	25,845	5.2%
BP	25,632	5.1%

10 Debtors

	2001 £	2000 £
Trade debtors	20,478	7,817
Other debtors	8,112	11,323
Prepayments and accrued income	131	263
	28,721	19,403

11 Creditors: amounts falling due within one year

	Note	2001 £	2000 £
Social security and other taxes		204	126
Other creditors		—	77
Accruals		13,100	7,983
Davidson Scholarship Fund	15	—	16,246
		13,304	24,432

12 Analysis of net assets between funds

	General fund £	Funds on incorporation £	Total 2001 £
Fund balances at 31 December 2001 are represented by:			
Tangible fixed assets	4,126	471	4,597
Investments	538,503	—	538,503
Current assets	36,816	—	36,816
Creditors: amounts falling due within one year	(13,304)	—	(13,304)
Total net assets	566,141	471	566,612

13 Liability of Members

The Fellowship is constituted as a company limited by guarantee. In the event of the Fellowship being wound up Members are required to contribute an amount not exceeding £1.

14 Leasing commitments

Operating leases

At 31 December 2001 the Fellowship had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Operating leases which expire:			—	
Within one year	—	—	—	1,033
Within two to five years	18,200	18,200	—	—
	18,200	18,200	—	1,033

15 Connected charity

The Davidson Scholarship Fund (Charity Registration Number 313955) is governed by a Trust Deed dated 2 October 1962 and is administered by the Council of the Fellowship of Postgraduate Medicine. The fund was set up to provide scholarships to students holding medical qualifications of a university in some part of the world for the encouragement of clinical tests.

During the year the Council of the Fellowship of Postgraduate Medicine approved the merging of the Davidson Scholarship Fund with the Fellowship's accounts. Consequently, in 2000 the Davidson Scholarship Fund's National Savings Bond Deposit was sold and the proceeds deposited in the Fellowship's bank account. During 2001 the Davidson Scholarship Fund bank account was closed and the balance transferred to the Fellowship. Both balances were transferred to the Fellowship by way of an unrestricted donation during 2001.

The accounts of the Davidson Scholarship Fund are set out on page 20.

Davidson Scholarship Fund - Charity Registration 313955

Statement of financial activities Year to 31 December 2001

	Income 2001 £	Income 2000 £
Deposits and interest	3	832
Bank charges	(20)	(50)
Net outgoing resources for the year	(17)	782
Donation to the Fellowship of Postgraduate Medicine	(16,529)	—
	(16,546)	782
Balance brought forward at 1 January 2001	16,546	15,764
Balance at 31 December 2001	—	16,546

Balance sheet 31 December 2001

	2001 £	2000 £
Assets employed		
Current assets		
Amounts owed by the Fellowship of Postgraduate Medicine	—	16,246
Cash at bank	—	300
	—	16,546
Represented by		
Capital fund	—	1,972
Income fund	—	14,574
	—	16,546

These accounts were approved by the officer of the Council on:

President

Director of Finance

Approved on:

18-06-02