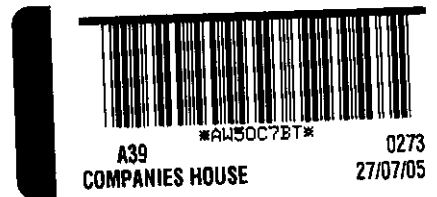


REGISTRAR OF COMPANIES

Fellowship of Postgraduate Medicine

Annual Report and Accounts

31 December 2004



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

Charity Registration Number
313355

Contents

Reports

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

Accounts

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

The following pages do not form
part of the statutory accounts:

Detailed income and expenditure account	19
Detailed schedule of investments	21

Legal and administrative information

Members of the Council

President	Dr G C Cook MD DSc FRCP FRCPE FRACP FLS
Honorary Secretary	Prof A Zumla PhD FRCP FRCPE
Honorary Treasurer	Dr M W N Nicholls FRCPPath
Editor Ex-Officio	Dr J F Mayberry MD DSc FRCP
Members	Prof P J Barnes DM DSc FRCP Dr J S Bolton FRCPsych Dr D J Coltart MD FRCP FACC Dr G O Cowan OBE FRCP FRCPE FRCPI FRCPG Dr A D Malcolm MD FRCP FFPM Dr D J R Morgan MB BS FRCP Dr L T Newman CBE FRCGP FRNZCGP Prof D R J Singer MD FRCP

Honorary Members

Mr J P Hopewell FRCS
Dr D G James MD FRCP
Dr A A G Lewis FRCP
Dr W Somerville FRCP

Registered/Principal office

12 Chandos Street
London
W1G 9DR

Telephone	(020) 7636 6334
Facsimile	(020) 7436 2535
e-mail	admin@fpm-uk.org

Company registration number 721213 (England and Wales)

Charity registration number 313355

Auditors

Buzzacott
12 New Fetter Lane
London
EC4A 1AG

Legal and administrative information

Investment managers	HSBC Investment Management 78 St James's Street London SW1A 1HL
----------------------------	--

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 2004

The Council Members present their statutory report with the accounts of the Fellowship of Postgraduate Medicine for the year ended 31 December 2004.

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

The principal objectives of the Fellowship remains the promotion of the postgraduate study of medicine and the support of continuing medical education.

Activities during the year

Postgraduate Medical Journal

The Journal continues to outperform other journals in the publisher's stable. The quality of submissions remains steady and the electronic version attracts rising numbers of subscriptions.

Grants

With the cessation of the General Practice educational links with University College, there have been no further grants made. Significant support is being offered for a series of future educational conferences.

Medical Education

Following the success of the first medical educational conference held this year, further conferences are planned for Presidents, Vice Chancellors of Medical Colleges, Postgraduate and Undergraduate Deans and tutors. Subjects will include professionalism, the role of the medically qualified etc, and will be funded, organised and arranged by the Fellowship.

Future plans and post balance sheet events

- ◆ Seven new, young generation Fellows have been identified (after proper scrutiny) for election to the Fellowship.
- ◆ Further meetings for senior medical teachers (*Presidents etc*) are planned and agreed.
- ◆ Under new employment laws, the responsibility for the Editorial Office staff has been accepted, following a risk assessment appropriate to protect the Fellowship financially being taken.

Financial report for the year

The net income for the year was £80,904 (2003 – £29,447) before having taken account of unrealised gains on investments £38,267 (2003 – £43,181) and realised gains on investments of £1,999 (2003 – £2,751).

Journal income rose slightly from £275,903 in 2003 to £289,032 and the cost of the journal fell from £232,093 in 2003 to £199,193 in 2004.

Financial report for the year (continued)

Subscription income, being the major component of journal income, decreased from £207,431 in 2003 to £200,039 in 2004. There was also a decrease in the revenues from reprints. However, income from the internet continues to rise. Overall income from the journal remained largely consistent with the prior year. The gross margin receivable on the journal was 31% (2003 – 16%) which is in line with the gross margin of 28% achieved in 2002.

Investment policy and performance

The Fellowship's investment portfolio is managed by HSBC Investment Management subject to the terms of a discretionary management agreement. There are no restrictions on the charity's power to invest. Details of the Fellowship's investments are set out in note 9 to the accounts.

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, both in terms of income and capital appreciation, through a diversified portfolio to minimise risk.

The performance of the charity's investments during the year showed an improvement on the previous year, due to the recovery in the markets, and was more in line with the Council's expectations.

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 to enable the Fellowship to achieve its charitable objectives.

The balance sheet shows total funds of £667,391. 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 undertaken 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;
- ◆ 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 2004 and served throughout the year.

Council Members

Prof P J Barnes
Dr J S Bolton
Dr D J Coltart
Dr G C Cook
Dr G O Cowan
Dr A D Malcolm
Dr J F Mayberry
Dr D J R Morgan
Dr L T Newman
Dr M W N Nicholls
Dr D R J Singer
Prof A Zumla

The memberships of Dr C R K Hind and Professor P A Routledge expired on 15 June 2004.

Report of the Council 31 December 2004

The Council (continued) Honorary Council Members

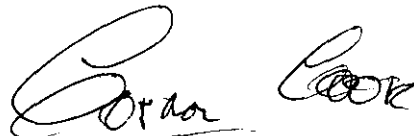
Mr J P Hopewell
Mr D G James (appointed 27 April 2004)
Dr A A G Lewis
Dr W Somerville

No Council Member received any remuneration for services as a member of the Council during the year (2003 - £nil). Dr J F Mayberry received an honorarium in respect of editorial duties totalling £7,500 (2003 - £7,500), together with expenses of £nil (2003 - £92). Expenses of £663 (2003 - £579) were reimbursed to five members of the Council (2003 - three).

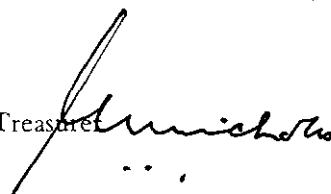
Auditors

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
14/6/2005

Honorary Treasurer



Approved by the Council on:

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

We have audited the accounts on pages 10 to 18 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members of the Council and auditors

As described on page 6, 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 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 2004

Opinion

In our opinion the accounts give a true and fair view of the Fellowship's state of affairs as at 31 December 2004 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.



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

14 June 2005

Statement of financial activities Year to 31 December 2004

	Notes	General Fund 2004 £	General fund 2003 £
Income and expenditure			
Incoming resources			
Incoming resources from activities in furtherance of the charity's objects			
. Journal		289,032	275,903
Investment income and interest receivable	1	15,784	17,331
VAT refund	2	30,075	—
Total incoming resources		334,891	293,234
Resources expended			
Costs of generating funds			
. Investment managers' fees		3,439	3,037
Costs of activities in furtherance of the charity's objectives	3		
. Journal		199,193	232,093
Support costs	4	33,750	20,582
Management and administration of the Fellowship	5	17,605	8,075
Total resources expended		253,987	263,787
Net incoming resources for the year	6	80,904	29,447
Realised gains on investments	10	1,999	2,751
Statement of total recognised gains and losses			
Net income		82,903	32,198
Unrealised gains on investments	10	38,267	43,181
Net movement in funds		121,170	75,379
Balance brought forward at 1 January 2004		546,221	470,842
Balance carried forward at 31 December 2004		667,391	546,221

Statement of financial activities (continued) Year to 31 December 2004


	2004 £	2003 £
Historical cost net movement in funds		
Net movement in funds (page 10)	121,170	75,379
<i>Unrealised gains on investments</i>	(38,267)	(43,181)
Difference between historical cost realised gains and the actual realised gains calculated on the revalued amounts	(20,931)	(31,937)
	<u>61,972</u>	<u>261</u>

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

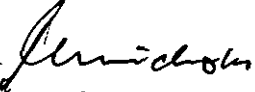
Balance sheet 31 December 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	9		4,966		3,032
Investments	10		583,430		481,424
			<u>588,396</u>		<u>484,456</u>
Current assets					
Debtors	11	32,932		24,571	
Cash at bank and in hand		<u>72,913</u>		<u>44,018</u>	
		105,845		68,589	
Creditors: amounts falling due within one year	12	<u>(26,850)</u>		<u>(6,824)</u>	
Net current assets			<u>78,995</u>		<u>61,765</u>
Total net assets			<u>667,391</u>		<u>546,221</u>
Represented by:					
Funds and reserves					
General fund			<u>667,391</u>		<u>546,221</u>

Approved by the Council
and signed on its behalf by:


President

14/6/2005

Honorary Treasurer 

14.6.05

Approved on:

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

- a. The costs of activities in furtherance of the charity's objectives comprise expenditure on the charity's primary charitable purposes as described in the trustees' report. Such costs include the cost of the production, promotion and other incidental costs associated with the production of the journal. These also include the commission chargeable by the publishers, together with editorial fees and expenses.

The costs are directly attributable to specific activities.

- b. 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 personnel financial procedures, provision of office services and equipment and a suitable working environment.
- c. Management and administration comprises the costs of the necessary financial and legal procedures for compliance with 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'.

Principal accounting policies 31 December 2004

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

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 a straight line basis over the lease term.

1 Investment income and interest receivable

	Total 2004 £	Total 2003 £
Equities and fixed interest stock	14,331	16,668
Bank interest	1,453	663
	15,784	17,331

2 VAT refund

In March 2004, the Fellowship entered into correspondence with HM Customs and Excise (HMCE) in respect of accounting for value added tax on transactions undertaken by the BMJ on behalf of the Fellowship. It was established that there was a requirement to account for tax on these transactions in a different way than was being done.

As a result of these negotiations £50,075 was paid to the Fellowship in respect of earlier periods. The Council members have agreed to pay £20,000 of this income to the BMJ.

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

	Total 2004 £	Total 2003 £
Journal		
Production, promotion, despatch and website development	147,228	176,619
Publishers share of surplus - British Medical Association	44,465	47,882
Editor's honorarium and expenses	7,500	7,592
	199,193	232,093

4 Support costs

	Total 2004 £	Total 2003 £
Salaries	15,154	11,122
Council meetings	1,887	1,407
Rent, rates, light and heat	20,730	21,182
Repairs, cleaning and insurance	11,823	7,811
Depreciation	1,251	535
Printing, postage, and stationery	1,455	436
Sundry expenses	1,373	825
Telephone	1,665	1,299
	55,338	44,617
Income from sublet rooms	(21,588)	(24,035)
	33,750	20,582

5 Management and administration of the Fellowship

	Total 2004 £	Total 2003 £
Auditors' remuneration		
. audit	3,450	3,250
. non-audit including VAT advice	14,155	4,825
	17,605	8,075

6 Net incoming resources for the year

This is stated after charging:

	2004 £	2003 £
Staff costs (note 7)	15,154	11,122
Depreciation	1,251	535
Operating lease rentals	18,200	18,200

7 Staff costs and Council Members' remuneration

	2004 £	2003 £
Staff costs during the year were as follows:		
Wages and salaries	13,500	10,394
Social security costs	1,154	728
Ex-gratia payments	500	—
	15,154	11,122

No employee earned £50,000 per annum or more (including benefits) (2003 – none).

During the year the Fellowship made an ex-gratia payment of £500 to its former administrator.

The average number of employees, analysed by function were:

	2004	2003
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 (2003 – £nil). No trustees' indemnity insurance premiums were paid during the year (2003 – £nil).

Dr J Mayberry, a member of Council, received an honorarium in respect of editorial duties in the sum of £7,500 (2003 – £7,500) and refund of expenses in respect of editorial duties of £nil (2003 – £92). Expenses of £663 (2003 – £579) were reimbursed to five members of the Council (2003 – three).

8 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.

9 Tangible fixed assets

	Computer equipment £	Office furniture and fittings £	Total £
Cost			
At 1 January 2004	1,600	24,706	26,306
Additions	3,185	—	3,185
At 31 December 2004	4,785	24,706	29,491
Depreciation			
At 1 January 2004	1,600	21,674	23,274
Charge for year	796	455	1,251
At 31 December 2004	2,396	22,129	24,525
Net book values			
At 31 December 2004	2,389	2,577	4,966
At 31 December 2003	—	3,032	3,032

10 Investments

	Total £
Listed investments	
Market value at 1 January 2004	446,475
Additions at cost	134,813
Disposals at carrying value (proceeds: £64,982; gain: £1,999)	(62,983)
Net unrealised investment gains	38,267
Market value at 31 December 2004	556,572
Cash held by investment managers for re-investment	26,858
	583,430
Cost of listed investments at 31 December 2004	523,188

Listed investments held at 31 December 2004 comprised the following:

	Total £
UK equities	307,066
Non UK equities	104,282
UK Fixed interest stock	108,607
Hedge funds	18,485
Property funds	18,132
	556,572

At 31 December 2004 no individual investment holding had a market value in excess of 5% of the entire listed portfolio as at that date.

Notes to the accounts 31 December 2004

11 Debtors

	2004 £	2003 £
Trade debtors	15,029	8,672
Other debtors	16,273	15,840
Prepayments and accrued income	1,630	59
	<u>32,932</u>	<u>24,571</u>

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to the BMJ	20,000	—
Social security and other taxes	—	299
Accruals	6,850	6,525
	<u>26,850</u>	<u>6,824</u>

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 2004 the Fellowship had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004 £	2003 £
Operating leases which expire:		
Within one year	<u>18,200</u>	<u>18,200</u>