

# REGISTRAR OF COMPANIES

## Fellowship of Postgraduate Medicine

### Annual Report and Accounts

31 December 2002



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

Charity Registration Number  
313355

**Buzzacott**

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## 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  
Prof A Zumla FRCP(Lond) FRCP(Edin) PhD  
- Honorary Assistant Secretary  
Dr M W N Nicholls FRCPATH -  
Honorary Treasurer  
Dr J S Bolton FRCPsych -  
Honorary Assistant Treasurer  
Dr J F Mayberry DSc MD FRCP -  
Editor Ex-Officio  
Prof P J Barnes MA DM DSc FRCP  
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

### 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)

## **Legal and administrative information**

**Charity registration number** 313355

**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 2002

The Council Members present their statutory report with the accounts of the Fellowship of Postgraduate Medicine for the year ended 31 December 2002.

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 be the Fellowship's primary vehicle for meeting the objects of its constitution, being 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 towards providing a programme of structured continuing medical education. The Postgraduate Medical Journal is available on the internet at [www.postgradmedj.com](http://www.postgradmedj.com) and runs in parallel with the paper publication.

#### **Grants**

For the last two years the Fellowship has supported the Centre for Health Informatics and Multiprofessional Education (CHIME) by way of grants to cover the salary (at UCL rates) of the conference organiser of CHIME.

#### **Medical Research**

The Fellowship continues to explore opportunities to promote clinical research, particularly by young investigators in training. Research and travelling fellowships are available to young clinical research fellows to assist them in their work. A condition of these fellowships is that they must 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 £95,770 (2001 – £149,256) having taken account of realised and unrealised losses on investments £133,113 (2001 – £161,171).

Journal income overall rose slightly from £281,352 in 2001 to £281,959 and the cost of the journal fell from £237,517 in 2001 to £203,931 in 2002.

Subscription income, being the major component of journal income, decreased from £224,247 in 2001 to £213,822 in 2002. 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 nearly 28% (2001 – 16%).

The Fellowship's investments have again performed poorly during the year, reflecting the depressed equity markets which has adversely affected the Fellowship's investment portfolio.

### **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.

Market conditions have been difficult in the year to 31 December 2002 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 to enable the Fellowship to achieve its charitable objectives.

The balance sheet shows total funds of £470,842. 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;

**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 2002 and served throughout the year, except where shown.

<b>Council Members</b>	<b>Appointed / Resigned</b>
Prof P J Barnes	
Dr J S Bolton	
Dr D J Coltart	
Dr G C Cook	
Dr G O Cowan	
Prof J Dacre	
Dr C R K Hind	
Dr D G James	
Dr A Malcolm	
Dr J F Mayberry	
Dr D J R Morgan	
Dr L Newman	
Dr M W N Nicholls	
Prof P A Routledge	
Dr D R J Singer	
Prof Dame L Southgate	
Prof A Zumla	

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



## Report of the Council 31 December 2002

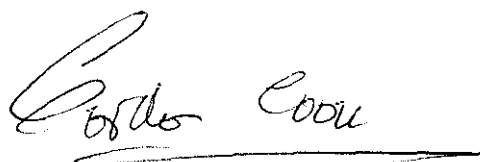
### The Council (continued)

No Council Member received any remuneration for services as a member of the Council (2001 - £nil) but Dr J F Mayberry received an honorarium in respect of editorial duties totalling £7,500 (2001 - £7,500), together with expenses of £199 (2001 - £154). In total, three Council Members were also reimbursed expenses totalling £424 (2001 - £386). No trustees' indemnity insurance premiums were paid during the year (2001 - £1,075).

### Auditors

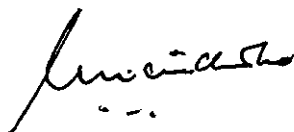
The auditors Buzzacott will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Council:



Dr G C Cook

President



Dr M W N Nicholls

Honorary Treasurer

Approved by the Council on: 17 June 2003

**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.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of 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 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**

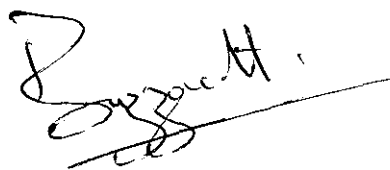
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements 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 2002

**Opinion**

In our opinion the accounts give a true and fair view of the Fellowship's state of affairs as at 31 December 2002 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 long horizontal line extending to the right.

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

17 June 2003

# Statement of financial activities Year to 31 December 2002

	Notes	General Fund 2002 £	General fund 2001 £
<b>Income and expenditure</b>			
<b>Incoming resources</b>			
Donations and similar incoming resources			
. Davidson Scholarship Fund		—	16,529
Incoming resources from activities in furtherance of the charity's objects			
. Journal		281,959	281,352
Investment income and interest receivable	1	20,285	19,878
<b>Total incoming resources</b>		<b>302,244</b>	<b>317,759</b>
<b>Resources expended</b>			
Costs of activities in furtherance of the charity's objectives	2		
. Journal		203,931	237,517
. Grants		22,348	24,063
		<b>226,279</b>	<b>261,580</b>
Support costs	3	27,085	32,474
Costs of generating funds			
. Investment managers' fees		3,379	3,428
Management and administration of the Fellowship	4	8,158	8,362
<b>Total resources expended</b>		<b>264,901</b>	<b>305,844</b>
<b>Net incoming resources for the year</b>	5	<b>37,343</b>	<b>11,915</b>
Realised losses on investments		(25,938)	(31,466)
<b>Statement of total recognised gains and losses</b>			
<b>Net income (expenditure)</b>		<b>11,405</b>	<b>(19,551)</b>
Unrealised losses on investments	9	(107,175)	(129,705)
<b>Net movement in funds</b>		<b>(95,770)</b>	<b>(149,256)</b>
<b>Balance brought forward at 1 January 2002</b>		<b>566,612</b>	<b>715,868</b>
<b>Balance carried forward at 31 December 2002</b>		<b>470,842</b>	<b>566,612</b>

**Statement of financial activities (continued)** Year to 31 December 2002

Historical cost net movement in funds	2002 £	2001 £
Net movement in funds (page 10)	(95,770)	(149,256)
Unrealised losses on investments	107,175	129,705
Difference between historical cost realised losses and the actual realised losses calculated on the revalued amounts	(62,012)	29,959
	<u>(50,607)</u>	<u>10,408</u>

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

# **Balance sheet** 31 December 2002

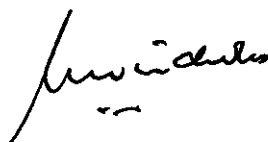
	Notes	2002 £	2002 £	2001 £	2001 £
<b>Fixed assets</b>					
Tangible assets	8		3,567		4,597
Investments	9		421,644		538,503
			<u>425,211</u>		<u>543,100</u>
<b>Current assets</b>					
Debtors	10	24,154		28,721	
Cash at bank and in hand		35,773		8,095	
		<u>59,927</u>		<u>36,816</u>	
<b>Creditors:</b> amounts falling due within one year	11	(14,296)		(13,304)	
<b>Net current assets</b>			<u>45,631</u>		<u>23,512</u>
<b>Total net assets</b>			<u>470,842</u>		<u>566,612</u>
<b>Represented by:</b>					
<b>Funds and reserves</b>					
General fund			<u>470,842</u>		<u>566,612</u>

Approved by the Council  
and signed on its behalf by:



Dr G C Cook

President



Dr M W N Nicholls

Honorary Treasurer

Approved on: 17 June 2003

#### **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 2002

### **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 2002 £	Total 2001 £
Equities and fixed interest stock	18,889	18,351
Bank interest	1,396	1,527
	<u>20,285</u>	<u>19,878</u>

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

	Total 2002 £	Total 2001 £
<b>Journal</b>		
Production, promotion, despatch and website development	146,852	180,273
Publishers share of surplus - British Medical Association	49,415	49,416
Editor's honorarium and expenses	7,664	7,828
	<u>203,931</u>	<u>237,517</u>
<b>Grants</b>		
Centre for Health Informatics and Multiprofessional Education (CHIME)	22,348	24,063

**3 Support costs**

	Total 2002 £	Total 2001 £
Salaries	10,741	10,691
Council meetings	1,838	1,123
Rent, rates, light and heat	21,437	20,775
Repairs and insurance	4,160	9,814
Depreciation	1,030	1,141
Equipment leasing and maintenance	1,033	1,243
Printing, postage, and stationery	123	155
Sundry expenses	1,009	2,559
Telephone	958	1,171
	<u>42,329</u>	<u>48,672</u>
Income from sublet rooms	(15,244)	(16,198)
	<u>27,085</u>	<u>32,474</u>

**4 Management and administration of the Fellowship**

	Total 2002 £	Total 2001 £
Auditors' remuneration		
audit	3,250	3,150
non-audit	4,848	4,850
Legal costs	—	200
Bank charges	60	162
	<b>8,158</b>	<b>8,362</b>

**5 Net incoming resources for the year**

This is stated after charging (crediting):

	2002 £	2001 £
Staff costs (note 6)	10,740	10,691
Depreciation	1,030	1,141
Operating lease rentals		
- equipment	1,033	1,214
- land and buildings	18,200	18,200

**6 Staff costs and Council Members' remuneration**

	2002 £	2001 £
Staff costs during the year were as follows:		
Wages and salaries	10,100	10,000
Social security costs	640	691
	<b>10,740</b>	<b>10,691</b>

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) (2001 – none).

The average number of employees, analysed by function was:

	2002	2001
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 (2001 – £nil). No trustees' indemnity insurance premiums were paid during the year (2001 – £1,075).

Dr J Mayberry, a member of Council, received an honorarium in respect of editorial duties in the sum of £7,500 (2001 – £7,500). Expenses of £424 (2001 – £386) were reimbursed to three members of the Council.

## Notes to the accounts 31 December 2002

### 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 £
<b>Cost</b>			
At 1 January 2002	1,600	24,706	26,306
Additions	—	—	—
At 31 December 2002	<b>1,600</b>	<b>24,706</b>	<b>26,306</b>
<b>Depreciation</b>			
At 1 January 2002	1,200	20,509	21,709
Charge for year	400	630	1,030
At 31 December 2002	<b>1,600</b>	<b>21,139</b>	<b>22,739</b>
<b>Net book values</b>			
At 31 December 2002	—	<b>3,567</b>	<b>3,567</b>
At 31 December 2001	400	4,197	4,597

### 9 Investments

	Total £
<b>Listed investments</b>	
Market value at 1 January 2002	499,242
Additions at cost	181,560
Disposals at carrying value (proceeds: £140,223; loss: £25,938)	(166,162)
Net unrealised investment losses	(107,175)
Market value at 31 December 2002	<b>407,465</b>
<b>Cash held by investment managers for re-investment</b>	<b>14,179</b>
	<b>421,644</b>
Cost of listed investments at 31 December 2002	<b>508,369</b>

Listed investments held at 31 December 2002 comprised the following:

	Total £
UK equities	246,943
Non UK equities	59,001
UK Fixed interest stock	101,521
	<b>407,465</b>

## Notes to the accounts 31 December 2002

### 9 Investments (continued)

At 31 December 2002 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%	50,804	12.5
European Investment Bank	21,363	5.2
Bayerische Landesbank	20,690	5.1
BP	20,496	5.0

### 10 Debtors

	2002 £	2001 £
Trade debtors	16,361	20,478
Other debtors	7,736	8,112
Prepayments and accrued income	57	131
	<u>24,154</u>	<u>28,721</u>

### 11 Creditors: amounts falling due within one year

	2002 £	2001 £
Social security and other taxes	178	204
Accruals	14,118	13,100
	<u>14,296</u>	<u>13,304</u>

### 12 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.

### 13 Leasing commitments

#### Operating leases

At 31 December 2002 the Fellowship had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Operating leases which expire:				
Within one year	—	—	1,033	1,214
Within two to five years	18,200	18,200	—	—
	<b>18,200</b>	<b>18,200</b>	<b>1,033</b>	<b>1,214</b>