

**Fellowship  
of Postgraduate  
Medicine**

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

**Annual Report and Accounts**

31 December 2000



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 B I Hoffbrand DM FRCP -  
Vice 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  
Prof J Dacre  
Dr C R K Hind MD FRCP  
Mrs C Ingham Clark  
Dr A Malcolm MD FRCP FFPM  
Dr D J R Morgan  
Prof P A Routledge MD FRCP  
Dr D R J Singer MD MRCP  
Prof Dame L Southgate  
Prof A Zumla

### Honorary Members of the Council

Mr J P Hopewell FRCS  
Prof D Ingram PhD FBCS  
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**

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

## **Report of the Council** 31 December 2000

The Council Members present their statutory report with the accounts of the Fellowship of Postgraduate Medicine for the year ended 31 December 2000.

The results for the year are presented in the form of a Statement of Financial Activities, which incorporates the traditional income and expenditure account, in order to comply with the Statement of Recommended Practice for charities, issued by the Charity Commission in October 1995.

### **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.

In addition, the Fellowship is supporting a lecture to be given as part of the European Federation of Internal Medicine (EFIM) 3rd Congress to be held in Edinburgh in May 2001.

**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 Fellowship of Postgraduate Medicine has supported the development of an electronic version of the Postgraduate Medical Journal via a website, and the PMJ now has its own website, [www.postgradmedj.com](http://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 £108,725 (1999 – surplus of £168,819).

Journal income overall rose from £248,248 in 1999 to £251,458 but the cost of the journal also rose from £217,742 in 1999 to £223,944 in 2000.

Subscription income, being the major component of journal income, increased from £221,204 in 1999 to £228,207 in 2000. The gross margin receivable on the journal was just below 11% (1999 – 12%).

The Fellowship's investments have performed poorly during the year, reflecting the general downturn in the performance of equities during 2000. This decline has continued into 2001 and in the three months following the balance sheet date, the value of the investments has recorded an unrealised loss of some 20% (approx £107,000). This has reversed some of the unrealised gains in previous years (1999 showed an unrealised gain of £171,000), but the trustees are hopeful that these losses will be recovered over time.

During the year the Council decided to merge the Davidson Scholarship Fund bank account with that of the Fellowship. This was done having obtained the prior agreement of the Charity Commission.

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 8 to the accounts.

The investment objective aims to provide a long term return for the Fellowship.

**Reserves policy**

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.

**Council Members' responsibilities statement**

Company law requires the Council Members, as charity trustees and directors, to prepare accounts of the Fellowship for each financial year which give a true and fair view of the state of affairs of the Fellowship and of its income and expenditure for that period. In preparing the attached accounts the Council Members consider the Fellowship has:

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that are reasonable and prudent;
- ◆ followed applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- ◆ prepared the accounts on the going concern basis unless it is inappropriate to presume that the Fellowship will continue in business.

The Council Members have responsibility for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fellowship and enable it to ensure that the accounts comply with the Companies Act 1985. They also have responsibility for safeguarding the assets of the Fellowship and for taking reasonable steps to prevent and detect fraud and other irregularities.

## Report of the Council 31 December 2000

### The Council

The Council Members 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 2000 and served throughout the year, except where shown.

Council Members	Appointed / Resigned
Prof P J Barnes	
Dr D J Coltart	
Dr G C Cook	
Prof J Dacre	Appointed 3 October 2000
Dr C D M Drew	Resigned 20 June 2000
Dr C R K Hind	
Dr B I Hoffbrand	
Mrs C Ingham Clark	Appointed 3 October 2000
Dr D G James	
Dr A Malcolm	
Dr J F Mayberry	
Dr D J R Morgan	Appointed 3 October 2000
Dr M W N Nicholls	
Prof P A Routledge	
Dr D R J Singer	
Prof Dame L Southgate	Appointed 3 October 2000
Prof A Zumla	Appointed 3 October 2000

Honorary Council Members	Appointed / Resigned
Mr J P Hopewell	
Prof D Ingram	Resigned 20 June 2000
Dr A A G Lewis	
Dr C Rob	
Dr W Somerville	

No Council Member received any remuneration for services as a member of the Council (1999 - £nil) but Dr J F Mayberry received an honorarium in respect of editorial duties totalling £7,500 (1999 - £7,500), together with expenses of £195 (1999 - £544). Three Council Members were also reimbursed expenses totalling £604 (1999 - £1,470). Trustees' indemnity insurance was paid amounting to £1,129 (1999 - £951).



**Report of the Council** 31 December 2000

**Auditors**

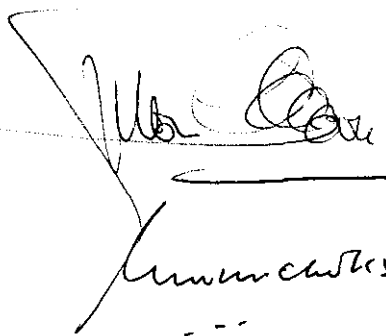
The auditors Buzzacott will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Council:

Dr G C Cook  
President

Dr M W N Nicholls  
Director of Finance

Approved by the Council on:

The block contains two handwritten signatures. The first signature, for Dr G C Cook, is written over a horizontal line. The second signature, for Dr M W N Nicholls, is written below the first signature.

June 5<sup>th</sup> 2001

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

We have audited the accounts on pages 9 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 12 and 13.

**Respective responsibilities of Members of the Council and auditors**

As described on page 5, the Council Members are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

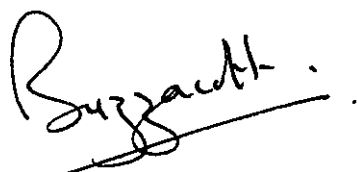
**Basis of opinion**

We conducted our audit in accordance with 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 Council Members in the preparation of the accounts, and of whether the accounting policies are appropriate to the Fellowship'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 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.

**Opinion**

In our opinion the accounts give a true and fair view of the Fellowship's state of affairs as at 31 December 2000 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

19 June 2001

# Statement of financial activities Year to 31 December 2000

	Notes	General Fund 2000 £	General fund 1999 £
<b>Income and expenditure</b>			
<b>Incoming resources</b>			
Journal		251,458	248,248
Investment income and interest receivable	1	14,634	34,354
<b>Total incoming resources</b>		<b>266,092</b>	<b>282,602</b>
<b>Resources expended</b>			
Direct charitable expenditure	2		
. Journal		223,944	217,742
. Grants		9,333	—
. Conference co-sponsorship		—	8,000
. Establishment and other support costs		30,792	47,906
		<b>264,069</b>	<b>273,648</b>
Other expenditure			
. Management and administration of the Fellowship	3	24,696	15,669
<b>Total resources expended</b>		<b>288,765</b>	<b>289,317</b>
<b>Net (outgoing) resources for the year</b>	4	<b>(22,673)</b>	<b>(6,715)</b>
Realised (losses)/ gains on investments		(10,973)	4,337
<b>Statement of total recognised gains and losses</b>			
<b>Net expenditure</b>		<b>(33,646)</b>	<b>(2,378)</b>
Unrealised (losses)/ gains on investments	8	(75,079)	171,197
<b>Net movement in funds</b>		<b>(108,725)</b>	<b>168,819</b>
<b>Balance brought forward at 1 January 2000</b>		<b>824,122</b>	<b>655,303</b>
<b>Balance carried forward at 31 December 2000</b>		<b>715,397</b>	<b>824,122</b>

**Statement of financial activities (continued)** Year to 31 December 2000

<b>Historical cost net movement in funds</b>	<b>2000 £</b>	<b>1999 £</b>
Net movement in funds (page 9)	<b>(108,725)</b>	168,819
Unrealised losses (gains) on investments	<b>75,079</b>	(171,197)
Difference between historical cost realised gains and the actual realised gains calculated on the revalued amounts	<b>73,829</b>	96,055
	<b>40,183</b>	93,677

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

# **Balance sheet** 31 December 2000

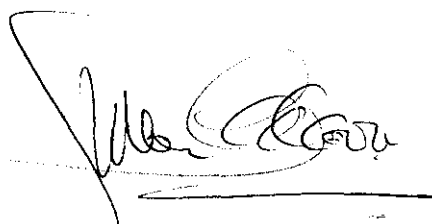
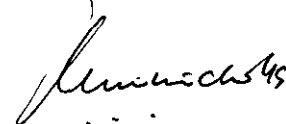
	Notes	2000 £	2000 £	1999 £	1999 £
<b>Fixed assets</b>					
Tangible assets	7		5,738		7,010
Investments	8		707,502		812,129
			<u>713,240</u>		<u>819,139</u>
<b>Current assets</b>					
Debtors	9	19,403		11,255	
Cash at bank and in hand		<u>7,657</u>		<u>12,340</u>	
		27,060		23,595	
<b>Creditors:</b> amounts falling due within one year	10	(24,432)		(18,141)	
<b>Net current assets</b>			<u>2,628</u>		<u>5,454</u>
<b>Total net assets</b>			<u>715,868</u>		<u>824,593</u>
<b>Represented by:</b>					
<b>Funds and reserves</b>					
Funds on incorporation being surplus of assets at book value over liabilities at the date of incorporation	11		471		471
General fund	11		<u>715,397</u>		<u>824,122</u>
			<u>715,868</u>		<u>824,593</u>

Approved by the Council  
and signed on its behalf by:

Dr G C Cook  
President

Dr M W N Nicholls  
Director of Finance

Approved on:

5<sup>th</sup> June 2001

**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 applicable Accounting Standards and the Statement of Recommended Practice on Accounting by Charities issued by the Charity Commission in October 1995.

**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).

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

**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.

## **Principal accounting policies** 31 December 2000

### **Fund accounting**

The general fund comprises those monies which may be used towards meeting the charitable objectives of the Foundation 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.

## Notes to the accounts 31 December 2000

### 1 Investment income and interest receivable

	Total 2000 £	Total 1999 £
Equities and fixed interest stock	13,392	33,238
Bank interest	1,242	1,116
	<b>14,634</b>	<b>34,354</b>

### 2 Direct charitable expenditure

	Total 2000 £	Total 1999 £
<b>Journal</b>		
Production, promotion, despatch and website development	163,430	156,592
Publishers share of surplus - British Medical Association	48,891	48,637
Reprints, printing and despatch	3,324	4,469
Editor's honorarium and expenses	8,299	8,044
	<b>223,944</b>	<b>217,742</b>
<b>Grants</b>		
Centre for Health Informatics and Multiprofessional Education (CHIME)	9,333	—
<b>Conferences</b>		
Conference co-sponsorship	—	8,000
<b>Establishment and other support costs</b>		
Salaries	10,688	15,904
Staff redundancy	—	1,320
Council meetings	493	2,732
Rent, rates, light and heat	20,573	19,808
Repairs and insurance	3,641	4,744
Depreciation	1,272	1,425
Equipment leasing and maintenance	2,117	3,852
Printing and stationery	74	916
Postage	90	77
Sundry expenses	2,629	4,595
Telephone	1,012	1,007
	<b>42,589</b>	<b>56,380</b>
Income from sublet rooms	(11,797)	(8,474)
	<b>30,792</b>	<b>47,906</b>



## Notes to the accounts 31 December 2000

### 3 Management and administration of the Fellowship

	Total 2000 £	Total 1999 £
Auditors' remuneration		
. audit	3,000	3,000
. non-audit	8,605	8,421
Legal costs	8,528	170
Investment managers' fees	4,563	4,065
Bank charges	—	13
	<b>24,696</b>	<b>15,669</b>

### 4 Net outgoing resources for the year

This is stated after charging (crediting):

	2000 £	1999 £
Staff costs (note 5)	10,688	15,904
Auditors' remuneration		
. audit	3,000	3,000
. non-audit	8,605	8,421
Depreciation	1,272	1,425
Operating lease rentals	2,117	3,852
Income from sublet rooms	(11,716)	(8,474)

### 5 Staff costs and Council Members' remuneration

	2000 £	1999 £
Staff costs during the year were as follows:		
Wages and salaries	10,000	13,597
Social security costs	688	1,158
Other pension costs	—	1,149
	<b>10,688</b>	<b>15,904</b>

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

No employee earned £40,000 per annum or more (including benefits) (1999 – none).

**5 Staff costs and Council Members' remuneration** (continued)

The average number of employees, analysed by function was:

	2000	1999
Establishment and other 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 (1999 - £nil). £1,129 (1999 - £951) 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 (1999 - £7,500). Expenses of £799 (1999 - £544) were reimbursed to members of the Council.

**6 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.

**7 Tangible fixed assets**

	Computer equipment £	Office furniture and fittings £	Total £
<b>Cost</b>			
At 1 January 2000	1,600	24,706	26,306
Additions	—	—	—
At 31 December 2000	<b>1,600</b>	<b>24,706</b>	<b>26,306</b>
<b>Depreciation</b>			
At 1 January 2000	400	18,896	19,296
Charge for year	400	872	1,272
At 31 December 2000	<b>800</b>	<b>19,768</b>	<b>20,568</b>
<b>Net book values</b>			
At 31 December 2000	<b>800</b>	<b>4,938</b>	<b>5,738</b>
At 31 December 1999	1,200	5,810	7,010

The net book value at 31 December 2000 represents tangible fixed assets used in carrying out the direct charitable activities of the Fellowship.

## Notes to the accounts 31 December 2000

### 8 Investments

	Total £
<b>Listed investments</b>	
Market value at 1 January 2000	802,150
Additions at cost	241,212
Disposals at carrying value (proceeds: £292,246; loss: £10,973)	(303,219)
Net unrealised investment gains	(75,079)
Market value at 31 December 2000	665,064
<b>Cash held by investment managers for re-investment</b>	<b>42,438</b>
	<b>707,502</b>
<b>Cost of listed investments at 31 December 2000</b>	<b>562,650</b>

Listed investments held at 31 December 2000 comprised the following:

	Total £
UK equities	458,948
Non UK equities	160,797
Fixed interest stock	45,319
	665,064

### 9 Debtors

	2000 £	1999 £
Trade debtors	7,817	—
Other debtors	11,323	10,198
Prepayments and accrued income	263	1,057
	19,403	11,255

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

	Note	2000 £	1999 £
Trade creditors		—	8,663
Social security and other taxes		126	1,401
Other creditors		77	2,266
Accruals and deferred income		7,983	5,650
Davidson Scholarship Fund	14	16,246	161
		24,432	18,141

# 11 Analysis of net assets between funds

	General fund £	Funds on incorporation £	Total 2000 £
<b>Fund balances at 31 December 2000 are represented by:</b>			
Tangible fixed assets	5,267	471	<b>5,738</b>
Investments	707,502	—	<b>707,502</b>
Current assets	27,060	—	<b>27,060</b>
Creditors: amounts falling due within one year	(24,432)	—	<b>(24,432)</b>
<b>Total net assets</b>	<b>715,397</b>	<b>471</b>	<b>715,868</b>

# 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 2000 the Fellowship had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000 £	1999 £	2000 £	1999 £
Operating leases which expire:				
Within one year	—	—	<b>1,033</b>	1,033
Within two to five years	<b>18,200</b>	18,200	—	1,033
	<b>18,200</b>	<b>18,200</b>	<b>1,033</b>	<b>2,066</b>

# 14 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 Fund with the Fellowship's accounts. Consequently, the Davidson Fund's National Savings Bond Deposit was sold and the proceeds deposited in the Fellowship's bank account. The amount owed by the Fellowship to the Davidson Scholarship Fund at 31 December 2000 was £16,246 (1999 - £161).

The accounts of the Davidson Scholarship Fund are set out on page 18.