

# REGISTRAR OF COMPANIES

## **Fellowship of Postgraduate Medicine (The)**

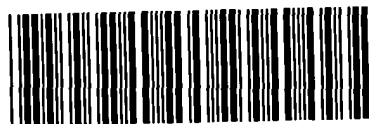
### **Annual Report and Financial Statements**

31 December 2017

Company Limited by Guarantee  
Registration Number  
00721213 (England and Wales)

Charity Registration Number  
313355

FRIDAY



A32 \*A7JTU869\* #141  
30/11/2018  
COMPANIES HOUSE

## **Reports**

Reference and administrative details of the charity, its trustees and advisers	1
Report of the Council	3
Independent auditor's report	11

## **Financial Statements**

Statement of financial activities	14
Balance sheet	15
Statement of cash flows	16
Principal accounting policies	17
Notes to the financial statements	21

The following pages do not form part of the statutory financial statements:

Detailed income and expenditure account	28
---	----

## Reference and administrative details

### Members of the Council

President	Prof D R J Singer BMedBiol MD FRCP FBPhS
Honorary Secretary	Dr T R J Nicholson BSc MSc PhD MRCP MRCPsych
Honorary Treasurer	Mr W Dimitri FRCS
Members	Prof P Barnes DM DSc FRCP FCCP FMedSci FRS Dr J W F Elte MD PhD FRCP FACP FEFIM Prof A Ferro PhD FRCP FBPhS Prof A Halliday MS FRCS Dr D Slovic MA PhD FRCP Prof A Vale FRCP FBTSFBPhS

**Honorary Fellows** Prof D Ingram BA PhD FBCS CEng MRCP(Hon)

### Editors

<b>Postgraduate Medical Journal</b>	Prof B Cheung MA MB BChir PhD MRCP FRCP FCP FHKCP FHKAM
<b>Health Policy and Technology</b>	Prof K Redekop PhD MPH

**Registered/Principal office** 11 Chandos Street  
London  
W1G 9EB

Telephone	(020) 7636 6334
Facsimile	(020) 7436 2535
e-mail	<a href="mailto:fpm.chandos@gmail.com">fpm.chandos@gmail.com</a>
website	<a href="http://www.fpm.org.uk">www.fpm.org.uk</a>

**Company registration number** 00721213 (England and Wales)

**Charity registration number** 313355

**Auditor** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Investment managers** Rathbone Investment Managers Limited  
159 New Bond Street  
London  
W1S 2UD

## Reference and administrative details

**Bankers** Barclays Bank plc  
8/9 Hanover Square  
London  
W1A 4ZW

The Council Members present their statutory report with the financial statements of the Fellowship of Postgraduate Medicine for the year ended 31 December 2017.

The financial statements have been prepared in accordance with the accounting policies set out on pages 17 to 20 of the attached financial statements and comply with the charitable company's memorandum and articles of association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), effective from accounting periods commencing on 1 January 2015 or later.

### **Governance, structure and management**

#### **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. 00721213.

#### **Organisation**

The Fellowship of Postgraduate Medicine operates from 11 Chandos Street in London, which it leases from the Medical Society of London.

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 changed, and the last regular course organised by the Fellowship took place in 1974. The Fellowship continues to make important contributions to postgraduate medical education through its two journals, through scientific and policy meetings and through public outreach.

#### **The Council**

The Council Members are elected by the Members and constitute directors of the Fellowship for the purposes of the Companies Act 2006 and trustees of the Fellowship for the purposes of charity legislation.

## GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

### The Council (continued)

Council members are recruited from the Fellowship's members by written invitation of the President, after discussion and approval at Council. A recommendation for a person to be invited to join Council may be made by the President or any other member of the Fellowship. There is at present no "initiation" or "training", but as Council Members are Trustees of the Fellowship they will be given information on the roles and responsibilities of trustees of a UK charity and be invited to attend one of the regular Trustee Training Workshops run by Buzzacott LLP. Council members are regularly updated on Charity Commission best practice.

The following Members were in office at 31 December 2017 and served throughout the year except where shown:

Council Members	Appointed/resigned
Prof P Barnes	
Dr W Dimitri	
Dr J W F Elte	
Prof A Ferro	
Prof A Halliday	
Dr C G Missouriis	Resigned 15 February 2018
Dr T Nicholson	
Prof D R J Singer	
Dr D Slovic	
Prof A Vale	

The Postgraduate Medical Journal Editor, Prof B Cheung and Health Policy and Technology Editor, Prof K Redekop are ex-officio members of the Council.

### Honorary Fellows

Prof D Ingram
---------------

Management of the Fellowship's affairs is directed by its Officers, the President, Honorary Secretary and Honorary Treasurer. Financial matters are monitored and handled by the Honorary Treasurer, with operational matters dealt with under the Treasurer's direction and responsibility. The Honorary Treasurer relies on the professional advice on financial matters from the Fellowship's accountants, Buzzacott LLP. Investment decisions are delegated to the Fellowship's Investment Manager at Rathbone Investment Management Limited and monitored by the Honorary Treasurer.

### Key management personnel

The Council Members consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

No Council Member received any remuneration for services as a member of the Council during the year (2016 - none).

## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **Council Members' responsibilities statement**

The Council Members (who are directors of Fellowship of Postgraduate Medicine for the purposes of company law) as trustees of the Fellowship of Postgraduate Medicine are responsible for preparing the Report of the Council and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- ◆ the trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)**

### **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.

The key risks for the charity, as identified by the trustees, are described below together with the principal way in which they are mitigated:

- ◆ Depletion of financial reserves as a consequence of undertaking new activities that do not generate a surplus.
  - ◇ Officers and the Council of Fellowship must approve all activities and only do this after due consideration of a business plan which outlines the financial implications.
- ◆ Information security violations and potential disruption of the Fellowship's affairs by any circumstances in which computer-held or paper records and documents are lost or destroyed.
  - ◇ This risk is mitigated by the charity keeping files on external computers and by storing records and other administration paperwork offsite at a secure storage location.

## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES**

### **Public Benefit**

The members of the Council confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Fellowship's objectives and aims and in planning future activities for the year.

### **Activities and specific objectives**

The principal objectives of the Fellowship are the promotion of the postgraduate study of medicine and the support of continuing medical education and related public engagement through:

- 1 The Fellowship's two international journals, the Postgraduate Medical Journal and Health Policy and Technology.
- 2 Education – seminars, workshops and symposia, and related activities.



## **OBJECTIVES, ACTIVITIES AND RELEVANT POLICIES (continued)**

### **Activities and specific objectives (continued)**

The Charity's objects are restricted specifically to the promotion of postgraduate medicine from a centre in London by:

- ◆ arranging lectures, demonstrations, discussions and exhibitions;
- ◆ publishing a journal and other books, papers and circulars and making medical literature and information available in the United Kingdom and overseas;
- ◆ awarding educational, travelling and research grants of such amount and upon such conditions to such promising students holding medical qualifications of a university in some part of the world as may be decided by the Directors;
- ◆ and, in furtherance or connection with the above, the advancement and promotion of the study, general knowledge of, or research in any branch of medicine.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Review of activities in 2017 and future plans for 2018 and beyond**

The Fellowship continued to make a major contribution to national and international medical education through its journals, the Postgraduate Medical Journal (PMJ), founded in 1925 and Health Policy and Technology (HPT), founded in 2012. Please see the reports below from the Editors-in-Chief of these publications for additional information on these journals.

Obesity and diabetes are increasing epidemics in the UK and internationally, with a resultant increase in death and disease due to cardiovascular complications. Political leaders have a huge opportunity to improve both national health and wealth by a sustained increase in the effective public health measures needed to prevent and address these and other major risk factors for premature heart, stroke and other vascular disease. In 2017 the Fellowship held a symposium on health policy for preventing heart disease, with speakers from Hong Kong, the Netherlands, Spain and the UK.

2018 is the centenary year for the founding of the FPM. There are plans for an international Postgraduate Medical Education session at the 2018 Hong Kong Medical Forum, as a joint venture between the FPM, the Postgraduate Medical Journal and the University of Hong Kong (see PMJ report below). During 2018, the FPM will provide support towards the Hippocrates Prize for Poetry and Medicine, which will be presented in May 2018 in Chicago in partnership with the Northwestern University Feinberg School of Medicine in Chicago, the USA Poetry Foundation and Harvard Medical School.

Further ways in which the FPM will mark its anniversary include a national centenary conference to be held at the Royal College of Physicians in London, providing updates on excellence in clinical practice; introduction of a new associate member category for the FPM; and launch of new international awards for excellence in medical writing by doctors in social media.

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### **Review of activities in 2017 and future plans for 2018 and beyond (continued)**

Themes for future FPM-supported meetings include advances in neuropsychiatry and new guidelines to prevent vascular disease. Speaker manuscripts for publication in the FPM's journals will be commissioned from talks at these and other Fellowship supported meetings.

### **Postgraduate Medical Journal (PMJ) – report by the Editor-in-Chief, Professor Bernard Cheung**

In 2017, the journal received 666 manuscripts with an acceptance rate of 20%. The average time to the first editorial decision was 24 days. The average time from submission to acceptance was 85 days and articles were published online 21 days after acceptance, and about 5 months later in print. As befits a British journal with a global reach, the submitted articles came, in descending order, from the UK, USA, China and India.

Although the number of printed issues remained small, the journal is widely read online, with nearly 2 million page views from North America, Europe and Asia. BMJ Marketing has been very successful in using targeted emails to promote specific PMJ papers, with an open rate of 28% (the industry benchmark is 13%).

As a result of the increased readership and quality of the articles, the journal's impact factor was 2.078 in 2017, exceeding 2 for the first time. The higher impact factor should attract more papers of high quality and hopefully, this would turn into a virtuous circle.

In May 2018, the PMJ was involved in a FPM-PMJ Symposium in Hong Kong as part of the 23rd Hong Kong Medical Forum, which is the largest medical meeting in Hong Kong. Donald Singer, Albert Ferro, Ken Redekop and Jamie Coleman were the speakers in the symposium. The PMJ will be publishing articles on recent advances in medicine related to the talks given in the FPM-PMJ Symposium and the other sessions.

We look forward to the one-day symposium at the Royal College of Physicians of London on 7 December to celebrate the Centenary of the FPM. The meeting is announced on our website and journal. The meeting abstracts will be published in the PMJ and speakers at the meeting will be invited to contribute articles. In addition, there will be a special issue on Sir William Osler, who was the founding president of the FPM.

2017 has been an exceptional year for the PMJ. Our plans for the future include using the internet to promote journal content, and thematic issues from time to time.

## **ACHIEVEMENTS AND PERFORMANCE (continued)**

### **Health Policy and Technology (HPT) – report by the Editor-in-Chief, Professor Ken Redekop**

HPT is a cross-disciplinary journal which focuses on past, present and future development and implementation of health policy and the role of technology in clinical and non-clinical national and international health environments. HPT is published in print and online.

The aims of HPT are to publish relevant, timely and accessible articles and commentaries to educate and inform all stakeholders in health policy and technology, from researchers to clinicians, health economists, health policy leaders and experts in the biotechnology and pharmaceutical sectors.

There was a 34% increase to 117 manuscript submissions in 2017 over the previous year, with an acceptance rate of 38%. As expected for an international journal, articles for publication in HPT were accepted in 2017 from a wide range of countries from around the world: Austria, Canada, China, Cyprus, Germany, Greece, India, Ireland, Israel, Italy, the Netherlands, Norway, the Republic of Korea, Pakistan, Slovenia, Spain, Sweden, Turkey, the United Kingdom, and the United States.

Theme issues in planning for the journal for 2018 and beyond, include on Big Data, Healthy Heart Policy, and the impact of Brexit on Healthcare. HPT aims during 2018 to increase the expertise on its Editorial Board, including appointment of a Commissioning Editor.

## **FINANCIAL REPORT FOR THE YEAR**

### **Results for the year**

The net income for the year was £338,885 (2016 - £295,753) before having taken account of realised losses on investments of £10,761 (2017 - gains of £9,190) and unrealised gains on investments of £213,995 (2016 - £262,723).

### **Investment policy and performance**

The Fellowship's investment portfolio is managed by Rathbone Investment Management Limited subject to the terms of a discretionary management agreement. The investment manager has been instructed by the Fellowship that no purchases are permitted of shares in companies involved in the brewing of alcoholic beverages or the manufacture of tobacco or armaments products. The total investment in any one entity should not exceed 10% of the total portfolio value. Otherwise, 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 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.

## FINANCIAL REPORT FOR THE YEAR

### Investment policy and performance (continued)

The charity's investment portfolio yielded income of £85,477 (2016 - £77,657) and increased in value during the year to a market value of £2,762,434 (2016 - £2,422,442). The Council are satisfied with the performance of the investments in the year.

### Reserves policy and financial position

The Fellowship maintains a general fund to continue its promotion of postgraduate study of medicine by publishing journals, arranging lectures, symposia and educational and research events from time to time. In recent years, the Fellowship has not awarded any grants, and no explicit policy exists. A policy will need to be considered and agreed by Council if the Fellowship is to start such awards.

The Fellowship's reserves 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 £3,852,951 (2016 - £3,310,872). £127,656 (2016 - £153,627) of unrestricted funds have been designated by the Council members for the establishment of the Health, Policy and Technology journal. After deducting this designated fund from the total unrestricted funds, the balance sheet shows general reserves of £3,725,945 (2016 - £3,157,245). Council members are reviewing options for the use of reserves in the future, including utilising reserves to purchase a property. Free reserves are also required to manage future uncertainty in journal income. 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.

Signed on behalf of the Council:

*Donald R J Singer*

Professor D R J Singer

Approved by the Council on:

*27th November 2018*

**Independent auditor's report to the members of The Fellowship of Postgraduate Medicine**

**Opinion**

We have audited the financial statements of The Fellowship of Postgraduate Medicine (the 'charitable company') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

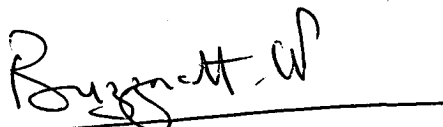
### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

29 November 2018

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Statement of financial activities** Year to 31 December 2017

	Notes	Unrestricted funds	
		2017 £	2016 £
<b>Income and expenditure</b>			
<b>Income:</b>			
Investment income and interest receivable	1	85,477	77,657
Charitable activities			
. Postgraduate Medical Journal		606,696	556,159
. Health Policy and Technology		26,747	25,990
<b>Total income</b>		<b>718,920</b>	<b>659,806</b>
<b>Expenditure:</b>			
Cost of raising funds			
. Investment managers' fees		18,709	16,291
Expenditure on charitable activities	2		
. International Hippocrates Poetry awards, anthology and expenses		10,000	3,600
. Postgraduate Medical Journal		243,571	230,209
. Health Policy and Technology Journal		52,718	57,543
. Education – seminars, symposiums and support		55,037	56,410
<b>Total expenditure</b>		<b>380,035</b>	<b>364,053</b>
<b>Net income before gains on investments for the year</b>	4	<b>338,885</b>	<b>295,753</b>
Net gains on investments	9	203,194	271,913
<b>Net income and net movement on funds</b>		<b>542,079</b>	<b>567,666</b>
<b>Reconciliation of funds:</b>			
<b>Balance brought forward at 1 January 2017</b>		<b>3,310,872</b>	<b>2,743,206</b>
<b>Balance carried forward at 31 December 2017</b>		<b>3,852,951</b>	<b>3,310,872</b>

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

All recognised gains and losses are included in the above statement of financial activities.



**Balance sheet** 31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
<b>Fixed assets</b>					
Tangible assets	8		3,312		—
Investments	9		3,268,994		2,839,121
			<u>3,272,306</u>		<u>2,839,121</u>
<b>Current assets</b>					
Debtors	10	153,408		157,439	
Cash at bank and in hand		<u>524,796</u>		<u>426,706</u>	
		678,204		584,145	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	11	<u>(97,559)</u>		<u>(102,477)</u>	
<b>Net current assets</b>			<u>580,645</u>		<u>481,668</u>
<b>Total current assets less current liabilities</b>			<u>3,852,951</u>		<u>3,320,789</u>
Creditors: amounts falling due after more than one year	12		—		(9,917)
<b>Total net assets</b>			<u>3,852,951</u>		<u>3,310,872</u>
<b>The funds of the charity</b>					
Unrestricted funds					
Designated fund	15		127,656		153,627
General fund			3,725,295		3,157,245
<b>Total charity funds</b>			<u>3,852,951</u>		<u>3,310,872</u>

Approved by the Council  
and signed on its behalf by:

*Donald R S Singer*

Professor D R S Singer

Approved on:

*27th November 2018*

Company Limited by Guarantee Registration Number 00721213 (England and Wales)

## Cash flow statement 31 December 2017

	Notes	2017 £	2016 £
<b>Cash flow from operating activities:</b>			
Net cash provided by operating activities	A	243,708	186,910
<b>Cash flow from investing activities:</b>			
Dividends and interest from investments		85,477	77,657
Purchase of tangible fixed assets		(4,416)	—
Proceeds from the disposal of investments		422,513	295,359
Purchase of investments		(559,311)	(250,647)
Net cash (used in) provided by investing activities		(55,737)	122,369
<b>Change in cash and cash equivalents in the year</b>		<b>187,971</b>	<b>309,279</b>
<b>Cash and cash equivalents at 1 January 2017</b>	B	<b>843,385</b>	<b>534,106</b>
<b>Cash and cash equivalents at 31 December 2017</b>	B	<b>1,031,356</b>	<b>843,385</b>

Notes to the cash flow statement for the year to 31 December 2017.

### A Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net movement in funds (as per the statement of financial activities)	542,079	567,666
<b>Adjustments for:</b>		
Depreciation charge	1,104	—
Gains on investments	(203,194)	(271,913)
Dividends and interest from investments	(85,477)	(77,657)
Decrease (increase) in debtors	4,032	(62,073)
(Decrease) increase in creditors	(14,835)	30,887
<b>Net cash provided by operating activities</b>	<b>243,708</b>	<b>186,910</b>

### B Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	524,796	426,706
Cash held by investment managers	506,560	416,679
<b>Total cash and cash equivalents</b>	<b>1,031,356</b>	<b>843,385</b>

## **Principal accounting policies 31 December 2017**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These accounts have been prepared for the year to 31 December 2017.

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities SORP FRS 102') issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

Preparation of the accounts requires the trustees to make significant judgements and estimates. No were no judgements or estimates made which have a material effect in the preparation of these accounts.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 December 2018, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the report of the Council for more information).

### **Income recognition**

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises investment income, income from publications and conferences.

Income from publications and conferences is recognised on an accruals basis.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

### **Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include the cost of production, promotion and other incidental costs associated with the production of the journals, and the costs associated with running seminars and symposiums. These also include the commission chargeable by the publishers, together with editorial fees and expenses.

All expenditure is stated inclusive of irrecoverable VAT.

#### **Allocation of support and governance 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 personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned based on an estimation of the usage of the office at 11 Chandos Street.

#### **Debtors**

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

#### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

#### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

#### **Tangible fixed assets**

All assets costing more than £1,000 and with a useful economic life exceeding one year are capitalised.

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

- |                                 |  |
|---------------------------------|--|
| ◆ Office furniture and fittings | - 20% on cost                          |
| ◆ Computer equipment            | - 25% on cost                          |
| ◆ Leasehold refurbishment       | - over the remaining life of the lease |

**Fixed asset investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) 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.

The designated fund comprises monies set aside by the Council for specific purposes.

**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.

## Notes to the financial statements 31 December 2017

### 1 Investment income and interest receivable

	Total 2017 £	Total 2016 £
Income from listed investments		
. UK equities	46,376	39,463
. UK fixed interest	3,510	2,467
. UK unit trusts	6,013	6,770
. Overseas equities	15,834	15,330
. Overseas fixed interest	8,549	7,928
. Other	5,108	5,533
	85,390	77,491
Bank interest	87	166
	85,477	77,657

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

	Total 2017 £	Total 2016 £
<b>International Hippocrates Poetry awards, anthology and expenses</b>		
Grants awarded	10,000	—
Legal and professional fees	—	3,600
	10,000	3,600
<b>Postgraduate Medical Journal</b>		
Direct costs		
. Production, promotion, despatch and website development	53,065	53,380
. Publisher's share of surplus - British Medical Association	119,510	108,347
. Editorial costs	62,892	61,145
. Other direct costs	—	450
Support costs (note 3)	8,104	6,887
	243,571	230,209
<b>Health Policy and Technology – new journal costs</b>		
Direct costs		
. Fellowship members' subscriptions	25,600	25,600
. Editorial costs	10,593	12,000
. Legal and professional fees	6,285	7,330
. Conferences and travel	1,931	5,104
. Sundry expenses	205	623
Support costs (note 3)	8,104	6,886
	52,718	57,543
<b>Education – seminars, symposiums and support</b>		
Direct costs	3,714	12,797
Support costs (note 3)	51,323	43,613
	55,037	56,410
<b>Grand total</b>	<b>361,326</b>	<b>347,762</b>

### 3 Support costs

	Post-graduate Medical Journal £	Health, policy and technology £	Education £	Total 2017 £	Total 2016 £
Council and other meetings	1,126	1,126	7,129	9,381	3,185
Rent, rates, light and heat	1,377	1,377	8,725	11,479	14,495
Repairs, cleaning and insurance	—	—	—	—	824
Office equipment < £1,000	195	195	1,233	1,622	—
Legal and professional fees	3,297	3,297	20,878	27,472	24,524
Depreciation and loss on disposals	132	132	840	1,104	—
Printing, postage and stationery	19	19	121	159	294
Sundry expenses	49	49	309	407	176
Telephone	523	523	3,311	4,357	3,088
Governance costs (note 4)	1,386	1,386	8,778	11,550	10,800
<b>2017 Total funds</b>	<b>8,104</b>	<b>8,104</b>	<b>51,323</b>	<b>67,531</b>	<b>57,386</b>
<b>2016 Total funds</b>	<b>6,887</b>	<b>6,886</b>	<b>43,613</b>	<b>57,386</b>	

### 4 Governance costs

	2017 £	2016 £
Audit services	9,550	9,400
Accountancy services	2,000	1,400
	<b>11,550</b>	<b>10,800</b>

### 5 Net income before gains on investments

This is stated after charging:

	2017 £	2016 £
Depreciation	1,104	—
Auditor's remuneration		
Audit	9,550	9,400
Accountancy, taxation and other services	8,772	12,820
Operating lease rentals	10,000	10,000

### 6 Staff costs and Council Members' remuneration

There were no employees during the year (2016 - none).

No members of the Council received any remuneration in respect of their services as a member of the Council during the year (2016 - £nil).



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

Expenses of £10,450 (2016 - £1,204) were reimbursed to one (2016 - three) members of the Council in connection with work on the journals, core Fellowship business and delivering medical symposiums. These costs were predominantly travel, subsistence and related costs and included costs incurred on behalf of other Council members. Individuals are not remunerated in their capacity as members of the Council.

In 2016, payments were made to Professor Currie, who was at that time a Council member for her services and expenses as Managing Editor of Health Policy and Technology. At the year end £833 was due to Professor Currie (2016 - £833). Professor Currie took no part in the decision-making process through which the remuneration was awarded.

**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**

	Furniture, fixtures and equipment £	Total
<b>Cost</b>		
At 1 January 2017	5,226	5,226
Additions	4,416	4,416
At 31 December 2017	9,642	5,226
<b>Depreciation</b>		
At 1 January 2017	5,226	5,226
Charge for year	1,104	1,104
At 31 December 2017	6,330	6,330
<b>Net book values</b>		
At 31 December 2017	3,312	3,312
At 31 December 2016	—	—

## Notes to the financial statements 31 December 2017

### 9 Investments

	2017 £	2016 £
<b>Listed investments</b>		
Market value at 1 January 2017	2,422,442	2,195,241
Additions at cost	559,311	250,647
Disposals at carrying value (proceeds: £422,513 realised loss: £10,761)	(433,274)	(286,169)
Net unrealised investment gains	213,955	262,723
Market value at 31 December 2017	2,762,434	2,422,442
<b>Cash held by investment managers for re-investment</b>	506,560	416,679
	3,268,994	2,839,121
Cost of listed investments at 31 December 2017	1,973,133	1,796,865

Listed investments held at 31 December 2017 comprised the following:

	2017 £	2016 £
UK equities	1,842,857	1,679,513
Non UK equities	643,336	490,444
UK Fixed interest stock	125,196	125,120
Non UK Fixed interest stock	85,450	92,334
Alternative investments	65,595	35,031
	2,762,434	2,422,442

The following investments were individually more than 5% of the Charity's listed investments:

Units	£	%
50,000 J P Morgan Asset Managers US Equity Income C	151,150	5.47

At 31 December 2017 no individual investment holdings had a market value considered to be material when compared to the entire listed portfolio as at that date.

### 10 Debtors

	2017 £	2016 £
Trade debtors	135,532	137,690
Other debtors	—	2,346
Prepayments and accrued income	17,876	17,403
	153,408	157,439

## Notes to the financial statements 31 December 2017

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

	2017 £	2016 £
Accruals	53,546	58,742
Other creditors	28,472	28,113
Pension liability (note 17)	15,541	15,622
	<b>97,559</b>	<b>102,477</b>

### 12 Creditors: amounts falling due over more than one year

	2017 £	2016 £
Pension liability (note 17)	—	9,917

### 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 2017 the Fellowship had the following future minimum commitments under non-cancellable operating leases:

	Land and buildings	
	2017 £	2016 £
Operating leases which expire:		
Within one year	10,000	10,000
Between two and five years	10,000	20,000

### 15 Designated funds

	At 1 January 2017 £	New designat- ions £	Utilised in year £	At 31 December 2017 £
New journal fund	153,627	26,747	(52,718)	<b>127,656</b>
	<b>153,627</b>	<b>26,747</b>	<b>(52,718)</b>	<b>127,656</b>

#### *New journal fund:*

The Health, Policy and Technology journal was established and began publication in 2012. £300,000 was set aside by the Council members in connection with the establishment of the new journal and the working capital required. This fund was transferred from general reserves during 2010.

## 16 Analysis of net assets

The total unrealised gains as at 31 December 2017 constitutes movements on revaluation and are as follows:

	2017 £	2016 £
<b>Unrealised gains included above:</b>		
On investments	789,301	625,577
<b>Total unrealised gains at 31 December 2017</b>	<b>789,301</b>	<b>625,577</b>
<b>Reconciliation of movements in unrealised gains</b>		
Unrealised gains at 1 January 2017	625,577	402,283
Less: in respect to disposals in the year	(50,231)	(39,429)
	575,346	362,854
Add: net gains arising on revaluation arising in the year	213,955	262,723
<b>Total unrealised gains at 31 December 2017</b>	<b>789,301</b>	<b>625,577</b>

## 17 Pension liability

Certain prior employees of the Fellowship were members of the Federated Flexiplan No 1 Pension Plan (the "Plan"), a defined benefit multi-employer pension scheme.

The Plan closed to further accrual in January 2010 and following two Court hearings, for interpretation of the Plan rules, the entitlement of members has been definitely established. An actuarial valuation at 31 March 2009 revealed a significant deficit and a consequent Recovery Plan required the Fellowship to contribute £6,671 for the three years commencing 1 April 2011 in respect of its share of the deficit. A provision of £20,000 was made for these payments as at 31 December 2010. A balance of £nil remains outstanding as at 31 December 2014.

A further actuarial valuation at 31 March 2012, shows that the overall deficit at that date was approximately £18.3 million. In line with the approach used for the 2009 valuation, the basis used to calculate the deficit was chosen to produce a level for the liabilities which was anticipated to be broadly in line with the cost of securing the Plan benefits with an insurer. A new Recovery Plan has now been issued which takes account of the 31 March 2012 actuarial valuation and subsequent changes in assets and liabilities up to the date of signing the valuation in June 2013.

Following the outcome of the Court case the Trustee of the Plan has decided to adjust each employer's liability in the new Recovery Plan to reflect the extent to which each employer has either underpaid or overpaid contributions during the course of the existing Recovery Plan. The Fellowship of Postgraduate Medicine is required to pay £7,498 per annum for three years from 1 April 2014 and £7,770 per annum for two years from 1 April 2017 as its share of the deficit. A liability of £38,037 was therefore recognised for these payments as at 31 December 2013. A balance of £15,541 (2016 - £25,539) remains outstanding as at 31 December 2017.

The Fellowship received confirmation on 18 May 2018 that their liabilities with respect to this scheme had been discharged.

**18 Related party transactions**

During the year the Fellowship made a donation of £10,000 to the Hippocrates Prize for Poetry and Medicine (2016 - £3,600).

The Hippocrates Prize is organised by the Hippocrates Initiative an unincorporated society, founded and jointly managed by Professor D RJ Singer, President of the Fellowship of Postgraduate Medicine.

# Detailed income and expenditure account Year to 31 December 2017

This page does not form part of the statutory financial statements.

	2017 £	2017 £	2016 £	2016 £
<b>Income</b>				
Journal: PMJ				
. Subscriptions	44,628		43,468	
. Reprints	—		3,190	
. Local editions	1,483		459	
. Internet subscriptions	485,210		426,822	
. Electronic licence income	37,654		40,915	
. Internet income	2,616		2,845	
. Advertising-back archive income	14,565		20,898	
. Royalties	5,452		1,840	
. Other publishing income	15,088		15,722	
		606,696		556,159
Journal: Health Policy and Technology				
. Editorial stipend income	12,000		12,000	
. Royalty income	14,747		13,990	
		26,747		25,990
<b>Expenditure</b>				
Journal: PMJ				
. Production, promotion and despatch	53,065		53,380	
. Publishers commission net of allowances	119,510		108,347	
	172,575		161,727	
. Editorial costs	62,892		61,145	
. Editor's appraisal	—		450	
Cost of production of the PMJ journal		(235,467)		(223,322)
Journal: Health Policy and Technology				
. Fellowship members' subscriptions	25,600		25,600	
. Editorial costs	10,593		12,000	
. Legal and professional fees	6,285		7,330	
. Conferences and travel	1,931		5,104	
. Sundry expenses	205		623	
Cost of production of the HPT journal		(44,614)		(50,657)
Seminar and symposia direct costs		(3,714)		(12,797)
<b>Gross income carried forward</b>		<b>349,648</b>		<b>295,373</b>

# **Detailed income and expenditure account** Year to 31 December 2017

This page does not form part of the statutory financial statements.

	2017 £	2017 £	2016 £	2016 £
<b>Gross income brought forward</b>		<b>349,648</b>		<b>295,373</b>
<b>Establishment and support costs:</b>				
Council and other meetings	9,381		3,185	
Rent, rates, light and heat	11,479		14,495	
Repairs, cleaning and insurance	—		824	
Office equipment <£1,000	1,622		—	
Legal and professional fees	27,472		24,524	
Depreciation and losses on disposals	1,104		—	
Printing, postage and stationery	159		294	
Sundry expenses	407		176	
Telephone	4,357		3,088	
	<u>55,981</u>		<u>46,586</u>	
<b>Financial</b>				
Audit and accountancy	11,550		10,800	
Investment fund management fees	18,709		16,291	
	<u>30,259</u>		<u>27,091</u>	
<b>Operating charges</b>		<b>(86,240)</b>		<b>(73,677)</b>
<b>Net incoming resources</b>		<b>263,438</b>		<b>221,696</b>
<b>Other income</b>				
Investment income	85,390		77,491	
Deposit interest	87		166	
	<u>85,477</u>		<u>77,657</u>	
<b>International Hippocrates Awards</b>				
Grants awarded	(10,000)		—	
Legal and professional fees	—		(3,600)	
	<u>(10,000)</u>		<u>(3,600)</u>	
<b>Realised losses on investments</b>		<b>(10,761)</b>		<b>9,190</b>
<b>Unrealised gains on investments</b>		<b>213,955</b>		<b>262,723</b>
<b>Net movement in funds</b>		<b>542,079</b>		<b>567,666</b>