

Charity no. 1011631

**Faculty of Pharmaceutical Medicine of the
Royal Colleges of Physicians of the United
Kingdom**

Report and Financial Statements

1 November 2009

sayer vincent

consultants and auditors

Faculty of Pharmaceutical Medicine

Reference and administrative details

For the period ended 1 November 2009

Status	The Faculty was founded in 1989, and is a registered charity, registered on 5 June 1992.	
Governing document	The governing document of the Faculty is the Standing Orders which came into operation on 26 October 1989.	
Charity number	1011631	
Other name	Faculty of Pharmaceutical Medicine	
Registered office and operational address	1 St Andrew's Place London, NW1 4LB	
Honorary officers	Dr Susan Bews Dr Richard Tiner Dr Jane Zuckerman Dr Neil Hounslow Dr Kirsteen Donaldson	President Vice President Registrar Treasurer Acting Academic Registrar
Chief Executive	Mrs Kathryn Swanston	
Accountants	JS2 Limited One Crown Square Woking, Surrey, GU21 6HR	
Auditors	Sayer Vincent Chartered accountants and statutory auditors 8 Angel Gate City Road, London, EC1V 2SJ	
Investment Advisors	Fortis Private Investment Management 5 Aldermanbury Square London, EC2V 7HR CCLA Investment Management Ltd 80 Cheapside, London, EC4P 4DQ	
Bankers	C Hoare & Company 37 Fleet Street London, EC4P 4DQ HSBC 28 Borough High Street London, SE1 1YB	Cater Allen Private Bank 9 Nelson Street Bradford, BD1 5AN
Solicitors	Hempsons Solicitors Hempsons House 40 Villiers Street London, WC2N 6NJ	

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

The trustees present their report and the audited financial statements for the 10 month period ended 1 November 2009.

The reference and administrative information, the financial policies and review and the review of activities set out on pages 1 to 12 form this report. The financial statements comply with current statutory requirements, the Standing Orders and the Statement of Recommended Practice - Accounting and Reporting by Charities issued in March 2005.

REFERENCE AND ADMINISTRATIVE INFORMATION

Mission statement

The mission of the Faculty is to advance the science and practice of pharmaceutical medicine by working to develop and maintain competence, ethics and integrity and the highest professional standards in the specialty for the benefit of the public.

Objects of the Faculty

The objects of the Faculty of Pharmaceutical Medicine as set out in Standing Orders are:

- to promote the science of pharmaceutical medicine;
- to develop and maintain competence, ethical integrity and high professional standards in the practice of pharmaceutical medicine; and
- to advance knowledge in pharmaceutical medicine.

Organisational structure

The Faculty is a professional membership organisation with approximately 1,400 members who are practicing pharmaceutical physicians or those with a professional interest in the specialty. Those who have retired from professional practice may retain their membership of the organisation. Approximately 32% of Faculty members are based outside the United Kingdom.

The Faculty Board, as trustees of the charity, are responsible for the overall management and administration of the organisation.

From 1 January 2009, the Board, having agreed strategy and policy, delegated much of its work to committees within a new committee governance structure. Within this new structure are four governance committees (Appointments Committee, Fellowship and Awards Committee, Revalidation Steering Committee and Remuneration Committee) and four operational committees (Advocacy Committee, Education Committee, Professional Standards Committee and International Committee). A Co-ordination Committee also meets which acts as a link between governance and operational functions.

The day-to-day management of the organisation's activities is delegated to the employed staff under the direction of the Chief Executive. Members of the Faculty contribute on a voluntary basis to day-to-day activities where professional input on matters relating to the medical profession or to the specialty of pharmaceutical medicine is required.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

Responsibilities of the trustees

The trustees are required 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 its incoming resources and application of resources, including the net income or expenditure, for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with legislation. The trustees 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Faculty Board

Members of the Board are the President, who is the Chairman, the Vice President, the Registrar, the Academic Registrar, the Treasurer and the Presidents of the three parent colleges (or their nominees) and sixteen 'ordinary' members. The Board may appoint additional ex-officio members and co-opted members. The number of co-opted members is limited to eight. All members listed above are trustees and have full voting rights. The Board appoints lay observers whose roles are to ensure that the Faculty observes its obligations to work for the benefit of the public. The lay observers may participate in discussions at Board meetings but do not have voting rights. During 2009 transitional arrangements were in place to facilitate the introduction of a smaller Board of Trustees to coincide with the change to an incorporated body on 1 November 2009. These arrangements included a gradual reduction of trustee numbers with some vacancies not filled during 2009.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

Appointment of the trustees

The President and Vice President, who must be Fellows, are elected every two years by a postal ballot of all Fellows and Members in accordance with Standing Orders. Neither President nor Vice President may serve for more than two consecutive terms of office. The Registrar, Academic Registrar and Treasurer, who must be Fellows, are elected by the Board at its last regular meeting before the Annual General Meeting in accordance with Standing Orders. The term of office is two years and re-election should not normally exceed four years in total. Deputy Officers may be appointed by the Board as ex-officio members. Representatives of the parent colleges are appointed by their respective Presidents and Councils. Elected members of the Board are elected by a postal ballot of Fellows and Members in accordance with Standing Orders and serve for two years. No elected member may serve for more than two consecutive terms but may be re-elected following a further one year period.

Induction and training of trustees

All new trustees are invited to attend an induction session in advance of or shortly after their first Board meeting. An induction pack of information is provided. In addition, provision within the annual budget is made to provide ongoing trustee training and development as required.

Related parties and connected organisations

The Faculty is a joint Faculty of the Royal College of Physicians, London, the Royal College of Physicians, Edinburgh and the Royal College of Physicians and Surgeons of Glasgow and is a member of the Academy of Medical Royal Colleges. The Faculty shares in its parent colleges' efforts for the advancement of medical knowledge and care, consulting and collaborating with them on all appropriate matters. The process of pharmaceutical medicine specialty training involves cooperation with the Joint Royal Colleges of Physicians Training Board (JRCPTB), the Postgraduate Medical Education and Training Board (PMETB) and the Conference of Postgraduate Medical Deans of the United Kingdom (COPMED). This work involves the educational approval of third party organisations for the work-based training of pharmaceutical physicians or as providers of modular courses within training programmes.

The Faculty President, Dr Susan Bews, an existing trustee of the Academy of Medical Royal Colleges, was elected as its Treasurer with effect from 15 September 2008. The Faculty received £21,500 funding from the Academy of Medical Royal Colleges during 2009 to support the development of continuing professional development in readiness for revalidation.

The trustees have agreed that Dr Kirsteen Donaldson, Acting Academic Registrar and trustee until 31 October 2009, may receive remuneration for her work on behalf of the Faculty as a Project Leader in the Innovative Medicines Initiative. Dr Donaldson would provide her services under a consultancy agreement with the Faculty. Dr Donaldson is not a trustee of the Faculty under its new constitution and is currently undertaking this work on a voluntary basis.

Risk statement

During 2009 the trustees have identified and reviewed the major risks to which the Faculty could be exposed. Systems to manage those risks have also been reviewed and established where necessary. Risks associated with new projects are identified through a project planning process.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

The trustees

The trustees who served between 1 January and up to the date of this report are listed below.

Officers

President	Dr Susan Bews (to 20/11/09) Dr Richard Tiner (from 21/11/09)
Vice President	Dr Richard Tiner (to 20/11/09) Dr Jane Zuckerman (from 21/11/09)
Registrar	Dr Jane Zuckerman (to 20/11/09) Professor Geoffrey Barker (from 29/4/10)
Treasurer	Dr Neil Hounslow
Acting Academic Registrar & Chairman of Board of Examiners	Dr Kirsteen Donaldson (to 31/10/09*)

Ex-officio Board Members

Deputy Registrar	Dr Christopher Worth (to 31/10/09*)
RCP London Representative	Dr Mike Cheshire
RCP Edinburgh Representative	Dr Stephen Freestone
RCP&S of Glasgow Representative	Professor Kenneth Paterson
Director of CPD	Dr David Blowers (to 31/10/09)

Co-opted Board members

International Committee Representative	Dr Ibrahim Farr (to 31/10/09*)
Ethical Issues Committee Representative	Dr Roger Bickerstaffe (to 31/10/09*)
Communications Committee Representative	Dr Peter Bowen-Davies (to 31/10/09*)

Ordinary Board Members

Dr Dipti Amin (from 21/11/09)
Professor Geoffrey Barker (from 28/1/09 - 28/4/10)
Dr David Blowers (from 21/11/09)
Dr Keith Bragman (to 31/10/09*)
Dr Dominique Dubois (to 20/11/09)
Dr David Gillen (from 28/1/09)
Dr Allison Jeynes-Ellis (to 28/1/09)
Dr Sian Walker (to 31/10/09*)
Dr Anthony Whitehead (from 21/11/09)
Dr John Young (to 31/10/09*)

(* trustees who did not become trustees of the new company upon incorporation)

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

FINANCIAL POLICIES

Reserves policy

Since its establishment, the Faculty's policy has been to build up and hold free reserves. The term free reserves includes the Reserve Policy Fund, the General Fund and the Development Appeal Fund but excludes restricted and endowment funds. It also excludes funds which, although classified as unrestricted, have been designated for specific purposes and which represent a real future liability and definite commitment. The trustees have identified the following reasons for holding reserves:

- to safeguard against any unexpected fluctuation in the main income stream which is through individual membership fees;
- to make provision for committed expenditure such as salaries, building costs, contracts with suppliers of equipment and professional services; and
- to take further advantage of opportunities for growth and be able to respond to the changes in the external environment such as new legislation which may require additional unplanned resources over the short to medium term.

Taking into account the above factors, the trustees have determined that at the present time, it is appropriate to hold free reserves of between one and two times the Faculty's annual operating costs. The policy on reserves is reviewed annually in conjunction with the Faculty's strategic planning, financial and risk management processes.

Level of Reserves 2009

At the 31 October 2009 the Faculty's total unrestricted reserves amounted to £930,850 approximately 12 months' operating costs based upon budgeted expenditure for 2009. This level falls within the range currently recommended by the trustees in the Faculty's Reserves Policy.

Investment policy

In October 2002 the trustees adopted a formal investment policy. This policy is reviewed once a year, or more frequently, should the need arise. The Faculty seeks capital growth from its invested funds and it is envisaged that any income generated will be re-invested back into the fund. The policy is to minimise risk and ensure that the security of the funds is balanced by a reasonable opportunity for capital growth. Less than half the funds will be invested in equities with a greater proportion in gilts and cash. Equities and bonds are purchased in collective funds with an appropriate spread across sectors and markets. Investment decisions will be made with a five year horizon.

An Investment Subcommittee, on behalf of the Faculty Board, reviews the ethical policy of a prospective fund or manager prior to purchase. It is not the intention of the Faculty to be overly prescriptive of what stocks can and cannot be included.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

FINANCIAL REVIEW 2009

Operational Finance 2009

At 31 October 2009 the Faculty's accounts showed a surplus of income over expenditure before investment losses of £83,716 compared with a budgeted surplus of £113,773.

Between 1 January and 31 October 2009 the proportion of income received relating to education was 50% and the proportion of income received from membership subscriptions was 47% .

In the financial statements for the period 1 January to 31 October 2009, expenditure has been analysed and is shown to be made up of 93% on charitable activities and 7% on governance activities.

Investment Performance 2009

The market value of the Faculty's investments was £274,090 at 31 October 2009 compared with a market value of £247,804 at the start of the year. This was a net gain on investments of £22,110 which represents approximately a 9% net gain during the period.

Movement in funds

The surplus at 31 October 2009 after net investment losses has been transferred to reserves. As at 31 October 2009 the total funds are £946,056. These are comprised of unrestricted funds of £930,850 and restricted funds of £15,206.

REVIEW OF THE FACULTY'S ACTIVITIES IN 2009

Introduction

The Faculty of Pharmaceutical Medicine is a registered charity which works to advance the science and practice of pharmaceutical medicine by working to develop and maintain competence, ethics and integrity and the highest professional standards in the specialty for the benefit of the public. The Faculty seeks, through its activities, to bring about an improvement in the health of the public and patients.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

A major review of the strategic direction of the Faculty took place in 2004. The Faculty's mission statement was re-defined and five strategic areas were identified which now provide the framework through which the Faculty and its members focus their activities. During 2006, the trustees developed an operational plan covering the period 2006 to 2010 which identifies clear objectives to supplement this framework and which allows the trustees to monitor and report on progress. The strategic and implementation plans were reviewed in 2009 to ensure that current work plans are up to date and to take account of any changes or opportunities which are present within the external environment. A updated plan which now covers the period 2009 to 2013 has been approved by the Board. The Faculty's achievements in meeting the key objectives for 2009 are outlined below. In addition to the activities reported here, the Faculty maintains its ongoing programmes of education, training and examinations. Further details about the Faculty's full programme of work are available on its website www.fpm.org.uk.

Education and Standards

Strategic Aim : To be the primary point of reference for the maintenance and development of academic standards in all aspects of pharmaceutical medicine and to set standards in relation to training and examinations which meet public need and stand up to scrutiny.

Progress in 2009

Revalidation

During 2009 the Faculty has been progressing its work to develop a system which will enable pharmaceutical physicians registered with the General Medical Council in the United Kingdom with a Licence to Practise to revalidate. We have been working closely with the Academy of Medical Royal Colleges, the General Medical Council and the Department of Health to ensure that systems that will be put in place for pharmaceutical physicians are based upon equivalent standards to those of other specialties. We have also continued to share ideas with other specialties, especially those that are based primarily within non-clinical environments. This year's work has included producing the specialty specific standards for revalidation. These have now been accepted by the General Medical Council to take forward for pilot work and public consultation.

We have started discussions with the General Medical Council and Department of Health in England over arrangements for a Responsible Officer system for the specialty and the role which the Faculty will play as part of this. Activities to prepare for revalidation will continue to be a major focus of our work in 2010.

Specialty Training Assessment System

During 2009 a pilot project was set up in conjunction with the Royal College of Physicians, London the aim of which was to validate new assessment tools within the Pharmaceutical Medicine Specialty Training programme (PMST). Whilst there was some disappointment with the number of participants enrolling in the project, it has been agreed that the new tools are sufficiently robust to be incorporated within the PMST programme with further analysis being undertaken within the live environment in due course.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

Diploma and Certificate in Human Pharmacology

During 2009 we have continued to build on the launch in 2008 of two Faculty training programmes aimed at those working in the field of human pharmacology, the Diploma and Certificate in Human Pharmacology. The diploma is aimed at medical doctors who wish to train to take on the responsibilities of principal investigators for human pharmacology studies for Investigational Medicinal Products, in particular those involving the first administration to humans. The certificate is open to physicians and scientists who work or have a special interest in the early clinical development of medicines. The Faculty has continued to receive support from the Department of Health in England towards the ongoing development of the two programmes. To date, approximately twenty-five individuals have enrolled on the programmes with a number of others opting to attend the taught course elements only.

The first examination took place in January 2010 with thirteen candidates sitting this examination in either London or in Canada. During the year we have enhanced the communications and publicity work associated with the project with the intention of increasing the number of registrants in future years.

Influence & Advocacy

Strategic Aim : To be a recognised and authoritative voice on pharmaceutical medical issues and on the specialty of pharmaceutical medicine for governmental and regulatory authorities, pharmaceutical industry bodies, the public, healthcare providers, healthcare professionals academic bodies and the media. To play a leading role in the development of pharmaceutical medicine within the United Kingdom and Europe and to actively participate and contribute effectively within the international arena.

Progress in 2009

In 2009 the new Advocacy Committee followed on from the Faculty's 2008 public relations review by undertaking an on-line survey of Faculty members. The purpose was to ascertain members' views on the public image of the Faculty and the work which the Faculty currently undertakes. The results of this survey are being analysed in advance of a report to the Board in 2010.

During 2009 the Faculty contributed to eight consultations and reviews. These included a GMC consultation 'Tomorrow's Doctors', a consultation from the UK Research Integrity Office on its draft 'Code of Practice for Research: Promoting good practice and preventing misconduct' and a consultation from the Medicines and Healthcare products Regulatory Agency on the 'European Commission's Legislative Proposal to Strengthen Patient Safety ('Pharmacovigilance')'. In responding to consultations, the Faculty makes recommendations or raises concerns related to the safety of patients and the public. We also submitted written evidence to the House of Commons Health Committee inquiry into patient safety.

In 2009 the International Committee expanded its membership to include input from a wider geographical base. Current members are located in Australia, Belgium, France, Italy, India, Ireland, Singapore, South Africa, Spain, Sweden, United Kingdom and United States of America. The committee have put in place a programme of work to support the development of training courses in pharmaceutical medicine outside the United Kingdom. Members are also supporting the Faculty's project to set up examination centres outside the United Kingdom.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

Awareness and Advancement of Knowledge

Strategic Aim : To lead the development and maintenance of the highest standards of pharmaceutical medical practice through training, examinations, professional development and the medical and scientific development of the specialty. To ensure that pharmaceutical physicians contribute to and promote the highest quality discovery, development, registration and marketing of medicines for the overall benefit of public health.

Progress in 2009

During 2009 we have established projects to specifically develop our work in this area. A project is underway which will lead to the establishment of examination centres outside the United Kingdom for the first time in 2010. This will enable candidates to sit Faculty examinations at a locations closer to where they are based which, it is anticipated, will increase the number of individuals sitting our examinations and engaging with our work. The first centres will be established in 2010.

An initiative aiming to expand the impact the Certificate in Good Clinical Practice Examination within the United Kingdom has been progressing in 2009 which, if successful, will lead to a significant increase in the number of candidates sitting the examination.

The Faculty's new Professional Standards Committee was established in 2009 and this group are now developing a programme of work to help ensure that the standards developed by the Faculty relate as closely as possible to the environment within which pharmaceutical medicine has an impact. A survey of employers is planned as a first stage.

Effective Partnerships

Strategic Aim : To develop close and effective working relationships with medical organisations and bodies, bodies representing professions allied to pharmaceutical medicine, academic groups and other relevant organisations.

Progress in 2009

Collaboration

The Faculty's work in 2009 has involved regular and ongoing collaboration with other organisations. This has been a particular feature of the work to prepare for revalidation as reported above.

A report from the Royal College of Physicians 'Innovating for Health: Patients, physicians, the pharmaceutical industry and the NHS' was published in February 2009. The Faculty was represented on the working party which produced the report and attended the formal launch. The Faculty is represented on the new Medicines' Forum, a group set up to take forward the reports recommendations. A number of recommendations will involve the Faculty directly and this work will involve collaboration with multiple organisations. For example, joint working with the Royal Pharmaceutical Society of Great Britain and the British Pharmacological Society on a number of areas are being discussed.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

The Faculty contributed articles to a number of external publications in 2009. These included an article on the public health issues associated with counterfeit medicines, and a number of articles highlighting our work in the education and training field.

EU Innovative Medicines Initiative

The Innovative Medicines Initiative is a Public-Private Partnership (PPP) between the pharmaceutical industry represented by the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the European Union represented by the European Commission. One of key aims of the initiative is to support the faster discovery and development of better medicines for patients. The Faculty has been accepted as a partner organisation within the Pharmaceutical Medicine Training Programme (PharmaTrain) project and is leading the work group which will seek to harmonise examinations in pharmaceutical medicine across Europe. The PharmaTrain project commenced in May 2009 and will run for five years. The Faculty will receive funding from the European Commission to support the work stream relating to examinations from 2010 onwards.

Infrastructure and Effectiveness

Strategic Aim : To have in place clear and effective arrangements for governance and operations and a structure which supports the achievement of the strategic objectives. To ensure that the necessary resources exist and are used efficiently to support the Faculty's aims and to ensure its long-term sustainability. To support and encourage its members to actively contribute to the activities of the charity.

Progress in 2009

Governance Structure and Constitution

During 2009 the final stages required to change the legal form of the Faculty from an unincorporated to an incorporated body were completed. A new company was incorporated under the Companies Act on 6 April 2009. Following registration of this company with the Charity Commission on 15 July 2009 preparations were made to transfer the assets of the unincorporated body to the new company on 1 November 2009. Under the constitution of the new company, the final elements of the Faculty's governance review were introduced, the most significant of which was the introduction of smaller Board of Trustees.

Membership of the Faculty

A working party met twice during 2009 and presented a report to the Board in October 2009. The report's recommendation that the Faculty should consider including non-medically qualified individuals within its membership was accepted by the Board. This change would enable the Faculty to widen its standard setting remit to include other related areas of professional practice in the field of medicines development and regulation. Further work to develop this concept is now taking place in order that a formal proposal can be considered by the current members of the Faculty in 2010.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

Governance Processes

The trustees have continued to observe the requirements of good governance within charities and to seek professional advice when this is necessary. As reported above, the final stages in implementing the new governance arrangements were completed in late 2009 which will result in a smaller trustee body who have clearer accountability relating to the governance of the charity.

Resources

A full and long term review of resource requirements has not yet been completed. Specific projects to plan for a required office move and expansion in staff resources is currently underway.

THE FACULTY'S FUTURE ACTIVITIES

Plans for 2010

Introduction

The current operational plan covers the period 2009 to 2013 and provides a framework of objectives to guide our work. Key objectives for 2010 are outlined below.

Education and Standards

Revalidation

To continue our ongoing work in collaboration with the General Medical Council, the Department of Health and the Academy of Medical Royal Colleges to develop systems which will enable pharmaceutical physicians to revalidate.

Diploma and Certificate in Human Pharmacology

To continue the development of the Diploma and Certificate programmes with a particular focus on increasing the numbers of participants

Influence, Advocacy, Awareness and Advancement of Knowledge

Royal College of Physicians' Medicines' Forum

To participate in the work of the Royal College of Physicians' Medicine's Forum which, by working to develop relationships between the NHS, academic medicine and the pharmaceutical industry, seeks to improve the health and well-being of patients.

Membership Review

To consider proposals to include non-medically qualified individuals within the membership of the Faculty.

Examinations

To expand the Faculty's current examination programme. This will include introducing examination centres outside the United Kingdom.

Faculty of Pharmaceutical Medicine

Report of the trustees

For the period ended 1 November 2009

Effective Partnerships

Innovative Medicines Initiative

To lead the project seeking to harmonise examinations in pharmaceutical medicine across Europe including completion of the preliminary project work in this area.

Infrastructure and Effectiveness

Resources

To secure alternative office accommodation for the Faculty before the end of the current lease which ends in December 2010 and to review the longer term resource requirements of the Faculty.

Approved by the Trustees on 29 April 2010 and signed on their behalf by

**Dr Richard Tiner FFPM
President**

Independent auditors' report

To the trustees of

Faculty of Pharmaceutical Medicine

We have audited the financial statements of Faculty of Pharmaceutical Medicine for the period ended 01 November 2009 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the trustees as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The responsibilities of the trustees for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the statement of responsibilities of the trustees.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the annual report of the trustees is not consistent with the financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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 financial statements 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 financial statements.

Independent auditors' report

To the trustees of

Faculty of Pharmaceutical Medicine

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charity's state of affairs as at 1 November 2009 and of its incoming resources and application of resources for the period then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

10 May 2010

SAYER VINCENT
Chartered accountants & statutory auditors
London

Faculty of Pharmaceutical Medicine

Statement of financial activities

For the period ended 1 November 2009

	Note	Unrestricted 2009 £	Restricted 2009 £	10 month period to 1 November 2009 £	12 month period to 31 December 2008 £
Incoming resources					
<i>Incoming resources from charitable activities</i>					
Membership subscriptions		301,956	-	301,956	342,173
Education		218,842	98,089	316,931	340,965
Communications		-	-	-	12,996
<i>Incoming resources from generated funds</i>					
Other income		7,111	-	7,111	6,587
Investment income		12,086	-	12,086	42,598
Total incoming resources		<u>539,995</u>	<u>98,089</u>	<u>638,084</u>	<u>745,319</u>
Resources expended					
<i>Charitable expenditure</i>					
Education		265,474	107,883	373,357	389,495
Communications		92,960	-	92,960	119,277
Membership support services		50,163	-	50,163	49,778
		<u>408,597</u>	<u>107,883</u>	<u>516,480</u>	<u>558,550</u>
<i>Governance costs</i>		<u>37,888</u>	<u>-</u>	<u>37,888</u>	<u>41,164</u>
Total resources expended	2	<u>446,485</u>	<u>107,883</u>	<u>554,368</u>	<u>599,714</u>
Net incoming /(outgoing) resources before other recognised gains and losses	3	93,510	(9,794)	83,716	145,605
Gains/(losses) on investment assets	7	<u>22,110</u>	<u>-</u>	<u>22,110</u>	<u>(93,915)</u>
Net movement in funds		115,620	(9,794)	105,826	51,690
Funds at 1 January 2009		<u>815,230</u>	<u>25,000</u>	<u>840,230</u>	<u>788,540</u>
Funds at 31 October 2009		930,850	15,206	946,056	840,230
Transfer on 1 November 2009		<u>(930,850)</u>	<u>(15,206)</u>	<u>(946,056)</u>	<u>-</u>
Funds at 1 November 2009		<u>-</u>	<u>-</u>	<u>-</u>	<u>840,230</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 11 to the financial statements.

Faculty of Pharmaceutical Medicine

Balance sheet

As at 1 November 2009

	Note	1 November 2009 £	31 October 2009 £	31 December 2008 £
Fixed assets				
Tangible fixed assets	6	-	28,605	1,431
Investments	7	-	274,090	247,804
		-	302,695	249,235
Current assets				
Debtors	8	-	67,721	28,321
Cash at bank and in hand		-	762,107	812,576
		-	829,828	840,897
Creditors: amounts due within one year	9	-	186,467	249,902
Net current assets		-	643,361	590,995
Net assets	10	-	946,056	840,230
Funds	11			
Restricted funds		-	15,206	25,000
Unrestricted funds				
Designated funds		-	567,897	581,548
General funds		-	362,953	233,682
Total funds		-	946,056	840,230

Approved by the trustees on 29 April 2010 and signed on their behalf by

Dr Neil Hounslow FFPM - Treasurer

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention, except for investments which have been included at market value, and in accordance with applicable accounting standards and the Charities Act 1993. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005).
- b) Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Volunteer time is not included in the financial statements.
- c) Subscriptions are recognised in the statement of financial activities in the financial period to which they relate. Subscriptions which relate to a future accounting period are deferred.

Examination fee income is recognised when the examination takes place. Delegate fee income is recognised when the event takes place.

Course approval fees are recognised when approval is granted.

- d) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

	2009	2008
Education	53%	54%
Communications	23%	24%
Membership support services	15%	14%
Governance	9%	8%

Governance costs include the management of the Faculty's assets, organisational management and compliance with constitutional and statutory requirements.

- e) Unrestricted funds include donations and other incoming resources receivable or generated for the objects of the Faculty.
- f) Designated funds are unrestricted funds earmarked by the trustees for particular purposes.
- g) Restricted funds are funds subject to specific restrictive covenants imposed by donors or by the purpose of the appeal.

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

1. Accounting policies (continued)

- h) Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the year. Exchange differences are taken into account in arriving at the net incoming resources for the year.
- i) The Faculty contributes 10% to individual money purchase pension schemes (2008: 10%). The assets of the schemes are held separately from those of the Faculty in independently administered funds. The pension cost charge represents contributions payable under the schemes by the Faculty to the fund. The Faculty has no liability under the schemes other than for the payment of those contributions.
- j) Investments held as fixed assets are revalued at mid-market value at the balance sheet date. The gain or loss for the period is taken to the statement of financial activities.
- k) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease duration.
- l) Depreciation is provided at rates calculated to write off the cost of each asset evenly over its expected useful life. The useful life is as follows:

Computer & Office Equipment	3 Years
Computer Software	3 Years

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

2. Total resources expended

	Education £	Communications £	Membership support services £	Governance £	2009 Total for 10 month period £	2008 Total for 12 month period £
Direct Charitable Costs						
Staff costs (Note 4)	99,115	44,964	30,645	15,811	190,535	200,360
Activity specific costs	209,482	19,563	1,524	3,891	234,460	262,342
Staff welfare	2,909	1,277	808	474	5,468	9,064
Audit	-	-	-	7,625	7,625	6,560
	<u>311,506</u>	<u>65,804</u>	<u>32,977</u>	<u>27,801</u>	<u>438,088</u>	<u>478,326</u>
Support Costs						
Rent, rates and service charges	14,380	6,314	3,996	2,345	27,035	25,068
Stationery, postage and printing	9,528	4,183	2,647	1,554	17,912	19,317
IT Costs	11,503	5,050	3,196	1,876	21,625	10,165
Equipment	2,185	959	607	356	4,107	5,813
Depreciation	3,805	1,671	1,057	620	7,153	2,176
Telephone and fax	1,011	444	281	165	1,901	1,983
Legal, professional & accountancy	7,867	3,454	2,186	1,283	14,790	21,180
Insurance	2,205	968	613	360	4,146	5,655
Memberships	6,516	2,861	1,811	1,063	12,251	23,774
Miscellaneous	2,851	1,252	792	465	5,360	6,257
	<u>61,851</u>	<u>27,156</u>	<u>17,186</u>	<u>10,087</u>	<u>116,280</u>	<u>121,388</u>
Total costs	<u>373,357</u>	<u>92,960</u>	<u>50,163</u>	<u>37,888</u>	<u>554,368</u>	<u>599,714</u>

Support Costs are allocated on the basis of staff time.

Staffing support costs have not been analysed as the majority of Faculty staff work directly on activities and the amount that can be allocated to support is therefore not material.

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

3. Net incoming resources for the period

This is stated after charging:

	2009 £	2008 £
Trustees' indemnity insurance	952	2,126
Trustees' reimbursed expenses	15,898	21,446
Auditors' remuneration:		
▪ audit (current year excl. VAT)	6,000	5,500
▪ audit (prior year excl. VAT)	540	200
Depreciation	7,153	2,176
Operating lease rentals:		
▪ property	11,720	11,200
▪ other	3,266	1,273
	<u>182,317</u>	<u>192,961</u>

Trustees' reimbursed expenses are the reimbursement of travel and subsistence costs to 9 (2008: 9) trustees for attendance at meetings of the trustees and activities of the Faculty.

4. Staff costs and numbers

Staff costs were as follows:

	2009 £	2008 £
Salaries and wages	151,561	161,208
Social security costs	16,214	17,246
Pension contributions	14,542	14,507
	<u>182,317</u>	<u>192,961</u>
Temporary Staff	6,033	3,958
Recruitment Costs	2,185	3,441
	<u>190,535</u>	<u>200,360</u>

No employee earned more than £60,000 during the year.

The average weekly number of employees (full-time equivalent), including temporary staff, during the year was as follows:

	2009 No.	2008 No.
Education	2.86	2.76
Communication	1.08	1.23
Membership support	0.75	0.75
Governance	0.31	0.26
	<u>5.00</u>	<u>5.00</u>

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

5. Taxation

The Faculty is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

6. Tangible fixed assets

	Computer Software £	Computer & Office equipment £	Total £
COST			
At 1 January 2009	22,149	9,681	31,830
Additions	34,327	-	34,327
Transfer to incorporated charity	<u>(56,476)</u>	<u>(9,681)</u>	<u>(66,157)</u>
At 1 November 2009	<u>-</u>	<u>-</u>	<u>-</u>
DEPRECIATION			
At 1 January 2009	22,149	8,250	30,399
Charge for the period	5,722	1,431	7,153
Transfer to incorporated charity	<u>(27,871)</u>	<u>(9,681)</u>	<u>(37,552)</u>
At 1 November 2009	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE			
At 1 November 2009	<u>-</u>	<u>-</u>	<u>-</u>
At 31 October 2009	<u>28,605</u>	<u>-</u>	<u>28,605</u>
At 31 December 2008	<u>-</u>	<u>1,431</u>	<u>1,431</u>

All tangible fixed assets are used to fulfil the Faculty's objects.

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

7. Investments

	1 November 2009 £	31 October 2009 £	31 December 2008 £
Market value at the start of the period	-	247,804	336,862
Net investment in cash funds	-	4,176	4,857
Net (loss)/gain on investments	-	22,110	(93,915)
	<u>-</u>	<u>274,090</u>	<u>247,804</u>
Market value at the end of the period	-	274,090	247,804
Historic cost at the end of the period	-	264,294	260,118

Investments comprise:

	1 November 2009 £	31 October 2009 £	31 December 2008 £
Listed Barclays IShares	-	122,185	105,420
Cash funds	-	13,387	9,211
Charities Official Investment Fund - Income shares	-	138,518	133,173
	<u>-</u>	<u>274,090</u>	<u>247,804</u>

Investments representing over 5% by value of the portfolio comprise:

	1 November 2009 £	31 October 2009 £	31 December 2008 £
Charities Official Investment Fund - Income shares (56%) (UK)	-	138,518	133,173
Barclays Ishares (UK)	-	122,185	105,420
	<u>-</u>	<u>260,703</u>	<u>238,593</u>

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

8. Debtors

	1 November 2009 £	31 October 2009 £	31 December 2008 £
Prepayments	-	21,380	16,369
Sundry debtors & accrued income	-	46,341	11,952
	<u>-</u>	<u>67,721</u>	<u>28,321</u>

9. Creditors: amounts due within one year

	1 November 2009 £	31 October 2009 £	31 December 2008 £
Taxes and social security	-	-	5,038
Trade creditors and accruals	-	52,761	108,295
Subscriptions & other income received in advance	-	133,706	136,569
	<u>-</u>	<u>186,467</u>	<u>249,902</u>

10. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Investments	-	274,090	-	274,090
Tangible fixed assets	-	28,605	-	28,605
Net current assets	15,206	265,202	362,953	643,361
Net assets at 31 October 2009	15,206	567,897	362,953	946,056
Transfer to incorporated charity	<u>(15,206)</u>	<u>(567,897)</u>	<u>(362,953)</u>	<u>(946,056)</u>
Net assets at 1 November 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

11. Movements in funds

	As at 1 January 2009 £	Incoming resources & net investment gains £	Outgoing resources £	Transfer to new incorporated charity £	At 1 November 2009 £
Restricted funds:					
DoH Funding	25,000	76,704	(101,704)	-	-
EU re IMI	-	1,135	(1,135)	-	-
Academy of Medical Royal Colleges	-	20,250	(5,044)	(15,206)	-
<i>Total restricted funds</i>	25,000	98,089	(107,883)	(15,206)	-
Unrestricted funds:					
<i>Designated funds:</i>					
Development Appeal Fund	101,548	-	(13,651)	(87,897)	-
Reserves Policy Fund	480,000	-	-	(480,000)	-
<i>Total designated funds</i>	581,548	-	(13,651)	(567,897)	-
General funds	233,682	562,105	(432,834)	(362,953)	-
<i>Total unrestricted funds</i>	815,230	562,105	(446,485)	(930,850)	-
Total funds	840,230	660,194	(554,368)	(946,056)	-

Purposes of restricted funds

The funding received from the Department of Health in England was to support the development and implementation of the Faculty of Pharmaceutical Medicine's Diploma and Certificate in Human Pharmacology programmes.

The Innovative Medicines Initiative (IMI) is part of the European Union's 7th Research Framework Programme. One of the key aims of the IMI is to support the faster discovery and development of better medicines and, as part of this, the Faculty will lead work seeking to harmonise examinations in pharmaceutical medicine across Europe

The funding provided by the Academy of Medical Royal Colleges is to support specific projects connected with the implementation of revalidation.

Faculty of Pharmaceutical Medicine

Notes to the financial statements

For the period ended 1 November 2009

11. Movements in funds (continued)

Purposes of designated funds

Development Appeal Fund - The fund, launched in 2002, is to develop the Faculty. It has been set aside by trustees for this purpose.

Reserves Policy Fund - The investment fund was established after the Faculty foundation appeal in October 1992. In recognition of the Faculty's inability to meet its growing financial obligations only from admission fees and subscriptions in the future because of the limitation in the future growth of the number of new members, a one-off appeal was made to all fellows, members and pharmaceutical companies. In accordance with the policy it is intended to hold between 12 and 18 months operating expenditure within this Fund.

12. Operating lease commitments

The Faculty had annual commitments at the period end under operating leases expiring as follows:

	1 November 2009 £	Equipment 31 October 2009 £	31 December 2008 £
2 - 5 Years	-	3,266	1,960
	1 November 2009 £	Property 31 October 2009 £	31 December 2008 £
1 - 2 Years	-	11,720	-
2 - 5 Years	-	-	11,200

13. Transfer of assets and funds to new incorporated charity

The unincorporated charity (number 1011631) ceased to operate on 1 November 2009 when all of the charity's activities, assets and funds were transferred to a new incorporated charity (charity number 1130573, company number 06870644).