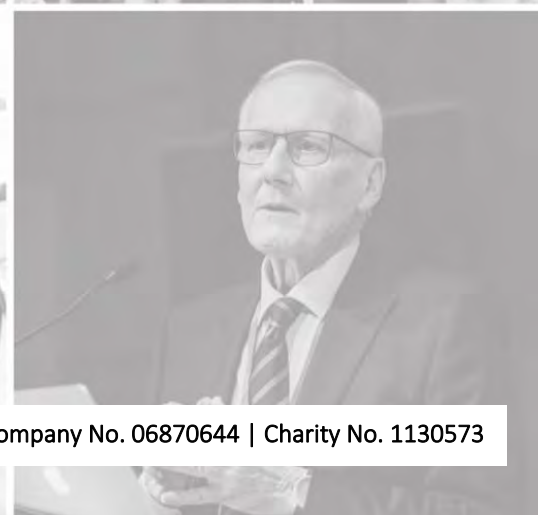




FPM annual report and accounts

for the year ended 31 December 2019



Company No. 06870644 | Charity No. 1130573

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President's Foreword

Thank you, FPM membership and staff, for a successful year in 2019. It was a challenging year for us. In June 2019 we were joined by our new Chief Executive – Dr Marcia Philbin – who has worked tirelessly to steer FPM through these difficult times. As we begin 2020, the pandemic of COVID-19 has struck us all, with significant effects on FPM operations, and our members working in the life sciences. FPM's plans have been adapted to match the initial challenges. Despite the closure of the offices we have, for the most part, maintained business as usual. Delivery of FPM's core strategy remains the focus throughout 2020.

We need, in 2020, to continue to collaborate as we have done in 2019. We must continue look abroad where our global industry employs thousands of doctors. Many of these doctors do not have access to the vocational training that the FPM provides in the UK. Discussions with IFAPP and the IFAPP Academy to build common training have progressed. Drawing upon the enormous work undertaken by the IMI project, PharmaTrain, a new Pharmaceutical Medicine Specialty Training curriculum is being created. This will incorporate the General Medical Council's 'Generic professional capabilities framework'. The new curriculum will be evaluated and launched in late 2020.

During 2019, we developed the FPM Strategy 2020-22. This is now being implemented. We established the Strategic Advisory Committee, to bring focus to the process of approval of our strategic priorities. This committee's remit is to evaluate proposals from FPM staff and our operational committees. One of its first recommendations to the Board of Trustees was the piloting this year of online examinations.

At this time, more than ever, it is vital that we stay connected with FPM members and other stakeholders. The biannual electronic Journal of the Faculty of Pharmaceutical Medicine (JFPM) has continued to grow and has created an engaged readership. The JFPM is complemented by frequent bulletins, which are designed to provide the members with up to date news and events, and links into social media channels. The new FPM website is a fantastic new interface that will connect broadly across society and stakeholders. We are anticipating an uplift in engagement with FPM.

Traditional ways of working and communication channels have been severely tested at the beginning of 2020. However, we are pleased to report that we have a suite of remote working tools at our disposal, allowing essential FPM operations, and committees and working groups, to continue almost uninterrupted. As understanding of these new platforms grows, we will expand to our training, use of video lecturing and remote educational events.

In terms of finance, we can reassure you that we are balancing the books and our reserves are holding up. As we enter 2020, we are confident that the impact of COVID-19 on finances can be managed. There will, of course, be challenges in restarting our full programmes when the 'lock down' is lifted. Whilst the challenges of COVID-19 have delayed implementation of some of our strategy it has created opportunities for flexibility of working and collaboration which are essential for our growth. I am confident that we can continue to adapt, innovate and deliver on our mission for patients and the public.

Professor Tim Higenbottam

President

The Faculty of Pharmaceutical Medicine, April 2020

Chief Executive's Foreword

I am delighted to be writing my first foreword as Chief Executive of FPM. I have been in post since 24 June 2019 and I am enormously impressed by the quality of the work and output from both staff and volunteers. I want to take this opportunity to thank all our members, who volunteer and give so much of their time to support FPM.

2019 was a year of change for FPM and I must extend my sincere thanks to the previous Chief Executive, Kathryn Swanston, who stepped down in 2018. Other notable changes in 2019 include:

- appointment of a new Head of Revalidation Operations
- development of strategic plan 2020-2022
- creation of a new website
- strengthening of social media presence
- revision of the Good Pharmaceutical Medical Practice guide; and
- reinstatement of the President's Medal which was awarded to five outstanding recipients.

One of my first experiences as Chief Executive was to attend last year's hugely successful FPM Education Day, on the topic of 'Patients in the Practice of Pharmaceutical Medicine'. The focus on the patient voice is very important because patients are no longer passive participants in their healthcare. Their lived experience can enrich the process of developing new medicines, designing clinical trials and capturing safety data. FPM Education Day was supported by several patients who gave keynote presentations and led workshops.

Another successful event was the FPM Annual Symposium in November, where the theme was 'Clinical Research and Life Cycle Management'. One of the most powerful presentations that I have had the honour to witness was by a patient who shared his history of managing his condition with the use of many different drug treatments. Again, the patient experience conveyed the perspective that is not always considered when developing new drug treatment regimes.

I am delighted that the patient perspective is also being drawn upon as FPM redevelops its flagship Pharmaceutical Medicine Specialty Training programme, which will be submitted to the GMC in Autumn 2020.

Even though this Annual report is a review of 2019, I have to say something about COVID-19, which is dominating everything right now. I want to applaud the staff for the way that they have responded to ensure that the business of FPM has continued seamlessly as we transitioned to working from home. I want to assure all our members that because of the prescient work that we have done in 2019, FPM is resilient, and we will continue to innovate and deliver even more for, and with, our members in the future.

Thank you.

Dr Marcia Philbin

Chief Executive

The Faculty of Pharmaceutical Medicine, April 2020

Board of Trustees' Report

The trustees are pleased to present their annual report together with the audited financial statements for the financial year ended 31 December 2019. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP FRS 102).

Our purpose

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.

Public benefit

The charitable purposes of Faculty of Pharmaceutical Medicine (FPM) are set out in the Memorandum and Articles of Association and 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.

Pharmaceutical medicine is the medical specialty concerned with the discovery, development, evaluation, licensing and monitoring of medicines and the medical aspects of their marketing.

FPM seeks through its activities to bring about an improvement in the health of the public and patients. Our activities seek to advance the science and practice of pharmaceutical medicine by contributing to the provision of effective medicines for public benefit. The trustees regularly review the aims, objectives and activities of the charity referring to the Charity Commission's guidance on public benefit.

Strategic aims

We will:

- set standards of practice in pharmaceutical medicine
- provide and support training, examinations and professional development in pharmaceutical medicine
- provide an authoritative voice on pharmaceutical medical issues and the specialty of pharmaceutical medicine
- develop guidance and advice on ethical issues in pharmaceutical medicine
- play a leading role in the development of the science and practice of pharmaceutical medicine within the United Kingdom
- actively participate and contribute effectively in the development of pharmaceutical medicine within the international arena
- develop effective working partnerships with relevant groups and organisations
- advocate for best practice in the specialty and highlight the important role it plays in healthcare and industry

- seek the input and advice of patients and members of the public support the membership with guidance, information and leadership, so that they may improve and innovate in their professional practice
- encourage and facilitate the contributions of the membership towards the work of FPM.
- maintain and develop effective organisational governance; and
- ensure that an effective structure and adequate resources are in place.

Our Activities and Achievements in 2019

2019 has been a year of change for FPM. We said a fond farewell to our long serving Chief Executive, Mrs Kathryn Swanston and welcomed the new Chief Executive, Dr Marcia Philbin. Prior to Dr Philbin's appointment, Ms Sarah Davis, the Head of Membership and Operations, was the Acting Chief Executive and we thank her for her stewardship of FPM during this time.

2019 marked the 30th Anniversary of FPM and the 5th Edition of the Journal of FPM was a celebration of the last 30 years of pharmaceutical medicine as well as exploring future trends. Dr Flic Gabbay and Professor Peter Stonier were two of the founders of FPM and shared their reflections in the Journal via a special video.

Education and Standards

FPM sets the standards for doctors and other professionals working and training in the field of pharmaceutical medicine. The several examinations and training programmes we deliver are based on and promote these standards.

As with the other Royal Medical Colleges and Faculties, FPM is writing a new pharmaceutical medicine specialty training curriculum, which will incorporate the General Medical Council's (GMC's) 'Generic professional capabilities framework'. The GMC has conditionally approved our purpose statement to the new curriculum, and we are working to complete writing the rest of the curriculum for submission to the GMC in Autumn 2020.

In collaboration with the ABPI and Brighton and Sussex Medical School (BSMS), FPM continues to support the drug discovery and development undergraduate programme at BSMS – a landmark educational pilot aimed at providing medical undergraduates with an understanding of the process of drug discovery and development. The programme utilises a spiral curriculum approach where medical students receive education throughout their undergraduate years of study. The modules are based on the following:

- Ethics
- Drug development
- Pharmacovigilance & Regulation

The curriculum has been well received by undergraduates and in response to student feedback, future lectures will be designed to be more interactive.

Other medical schools have expressed interest in adopting a version of the curriculum. As face to face teaching will be difficult to scale, other delivery methods are under consideration, such as videos or online delivery.

We continue to provide guiding principles on professional standards for all pharmaceutical physicians. Our *Good Pharmaceutical Medical Practice*, first published in 2014, provides all doctors practising pharmaceutical medicine around the world with specific guidance and direction on expected standards, conduct and behaviour. During 2019 we completed the process of updating this important document with publication due in 2020.

The Diploma and Certificate of Human Pharmacology is undergoing a refresh, with direction from the Board of Trustees' and the Education and Standards Committee. Support has been provided by the Human Pharmacology Advisory Committee plus major Stakeholders including the MHRA.

The activities described above are undertaken to enhance training and assessment of capabilities in pharmaceutical medicine. FPM also supports its members to help them build their own resilience to the challenges they face in life as well as help them to support others who may be in distress. A new training course called Mental Health Awareness Training addressed these key themes. and due to its success, another training course will be run again later in 2020.

Our other successes this year include:

- Introduced the Certificate in Pharmaceutical Medicines
- Enabled successful candidates to use the designatory letters DPM and CPM after their names
- Awarded the Certificate of Pharmaceutical Medicine to 79.5% (31 out of 39) candidates
- Achieved the best pass rate in the Diploma in Pharmaceutical Medicine exams in over 10 years (74% (32 out of 43) candidates)
- Facilitated 95% of trainees and 87% of Educational Supervisors to participate in GMC National Training survey of the Pharmaceutical Medicine Training Programme (PMST)
- Achieved 84% of trainees and 72% of Educational Supervisors expressing satisfaction with PMST
- Enrolled 24 candidates onto the PMST programme
- Supported 14 candidates to complete the PMST programme

Events

During 2019 FPM delivered educational and policy focussed events and meetings. Two themed 'Conversation' evenings covered the topics of 'Should pharma pay doctors?' and 'Trust and transparency in the pharmaceutical industry'.

We also launched a new event format in 2019 with a Discovery Day on 'Real World Data'. This event was developed and led by members of our 'real world data' working group. The fact that this event sold out demonstrated an appetite for new themes and formats.

We held our annual Education Day on 12 June 2019 and the theme was 'Patients in the Practice of Pharmaceutical Medicine'. The event was attended by 66 delegates. We had the pleasure of having four patients join pharmaceutical physicians to lead the four workshops.

The Annual Symposium was on the topic of clinical research and was attended by 130 delegates, receiving excellent feedback from delegates, speakers and sponsors.

Training

In 2019, FPM expanded the range of training that it provides for its members. The training is focused on improving the technical, professional and personal skills of members.

The training we provided in 2019 included sessions on:

- Culture: Skills for Global Working
- Effective Educational Supervision
- Gravitas masterclass
- Appraiser training
- The Code in the Day training
- Mental Health Awareness training
- Managing Medical Emergencies in Human Pharmacology

Revalidation

FPM is a Designated Body for providing annual appraisals and GMC revalidation. Tony Roche was appointed as the new Head of Revalidation Operations and joined FPM in July 2019. On 31 December 2019, 613 members had a prescribed connection to FPM as a designated body and 589 appraisals were completed April 2019 to March 2020.

November 2019 saw the first NHSE 'quality visit' of the Designated Body since the introduction of revalidation in December 2012. The NHSE visit team identified several areas of good practice which included: 'Strong evidence of good practice and effective systems and a willingness to acknowledge challenges, improve governance and revisit previous decisions as new thinking emerges'.

Recommendations for FPM included the following:

- Review processes to tighten governance and support the Responsible Officer's responsibility to have oversight of any issues with doctors
- Change the job title of 'Revalidation Advisor' to 'Senior Appraiser' or similar to avoid confusion
- Review and amend the registration process to ensure all paperwork is in place prior to connection
- Introduce a contract or self-declaration form to provide assurance that there are no outstanding issues until such a time as newly connected doctors complete a first appraisal with FPM
- Recommendation FPM ask for a copy of the DBS check for any doctor who sees patients

Communications and Advocacy

An important area of FPM's activity is our public policy work and our responses to consultations. FPM has several Expert Groups made up of FPM member volunteers who have an in-depth knowledge within key areas. Expert Groups respond to press releases, consultations and publications. A new group on medical devices has now been established and a Patients Expert Group is also currently in development.

The current Expert Groups are listed below:

- Government Policy
- Orphan Gene Therapy
- Clinical Development
- Paediatrics and Vulnerable Groups
- Key Therapy Areas
- Oncology
- Medical Devices

In 2019, FPM contributed to several major consultations and inquiries, including the following:

- Participating in RCP London's consultation on UK public health research goals
- Advising on changes to the Human Medicines Regulation 2012 (HMR2012) to ensure the continuity of supply of medicines; and
- Providing input into the EMA's 'Guideline on quality, non-clinical and clinical aspects of medicinal products containing genetically modified cells' and 'Regulatory Science to 2025: Strategic Reflection' consultation
- Participation by Dr Penny Ward Penny Ward, Chair of Policy expert group, in an interview on the BBC 5pm programme on the impact of Brexit and medicines shortages

These activities help to develop national and global policy or regulations in areas associated with pharmaceutical medicine.

Publications

FPM publishes the biannual *Journal of the Faculty of Pharmaceutical Medicine* (JFPM) as well as regular email bulletins. These have the aim of raising awareness and increasing knowledge on selected topics. In 2019, our Spring/Summer JFPM focused on Digital Health, with the Autumn/Winter edition celebrating our 30 years as a Faculty with articles and videos covering the development of the specialty over this time. Monthly bulletins throughout the year provided members with regular updates on FPM activities and news.

Work on the development of guidance and appropriate rules of engagement around the ABPI Code of Practice amongst those working in clinical medicine has continued and this document is now out for public consultation. An updated version of the Good Pharmaceutical Medicine Practice document has also been finalised and is undergoing a consultation process with publication due in 2020.

Digital Communications

FPM is active on social media channels, primarily Twitter (620 followers) and LinkedIn (3,740 followers). We use social media to engage with our members and non-members on topics of relevance to pharmaceutical medicine, to promote our events and projects and to spark discussion and debate on the science, ethics and regulation of the specialty.

A new website for FPM was in development throughout 2019 and launched in March 2020.

Membership Support

FPM is a professional membership organisation with members who are practising pharmaceutical physicians or those with a professional interest in the specialty. On the 31 December 2019 we had a total of 1,502 members in all categories, and membership numbers have remained stable during the year. There has been no change in the overall proportion of members based outside of the United Kingdom since this time last year with 21% based in over 35 countries. Those who have retired from professional practice can retain their membership of FPM and contribute to its work.

The routes to becoming a Member (MFPM) of FPM were reviewed in 2019 and the number of recognised qualifications extended, these are summarised below:

- Diploma in Pharmaceutical Medicine awarded by Faculty of Pharmaceutical Medicine
- Diploma in Human Pharmacology awarded by Faculty of Pharmaceutical Medicine
- Diploma in Experimental Therapeutics awarded by Faculty of Pharmaceutical Medicine
- Diploma in Pharmaceutical Medicine awarded by Free University, Brussels
- Diploma of Advanced Studies in Pharmaceutical Medicine awarded by the University of Basel/ECPM

FPM's other membership categories, Affiliate, Associate and Fellowship, are detailed on page 16.

President's Medal

In 2019, the FPM President's medal was reinstated to recognise members of FPM as well as non-FPM members who have made significant contribution to FPM or pharmaceutical medicine in general. Following a review, five recipients were awarded the medal.



Professor Malcolm Boyce worked as a research physician in drug development for the pharmaceutical industry for 17 years before leaving to start what later became Hammersmith Medicines Research. He has been the Medical and Managing Director of the company for the last 26 years, during which time he has grown it into a multi-million pound enterprise that has been recognised with awards and notable achievements, including three Queen's Awards for International Trade.



Dr Ian Hudson is a physician who practised as a paediatrician for several years, before working in the pharmaceutical industry in clinical research and development and then devoting himself to the regulation of medicines and devices. In September 2013 Dr Hudson's achievements saw him appointed as Chief Executive of the MHRA, a position that he held until September 2019.



Dr Juliet Roberts is an inspirational leader and mentor for the specialty of pharmaceutical medicine. Through her clinical development work in several roles at Boehringer Ingelheim, she has helped bring innovative new medicines to benefit patients. Dr Roberts is also passionate about education, training and qualifications for pharmaceutical physicians. She is an educational supervisor, a specialty advisor, and a responsible officer for Revalidation at her company. She has been Chair of the FPM Board of Examiners for six years and Vice-Chair before then.



Dr Richard Kay well known amongst pharmaceutical physicians, as a distinguished statistician. After spending 15 years in academia, he set up his first company, S-Cubed, in 1989, which subsequently merged, in 1997, with Parexel International. He held the position of Vice-President at Parexel and was Worldwide Head of Statistics and Statistical Programming from 1999 to 2004. In 2005 he left Parexel to focus on his core interests of statistics. For over twenty years he has been integral to the development of the curriculum for Pharmaceutical Medicine Specialist

Training (PMST), and for the statistical and data management content and update of the Syllabus for Pharmaceutical Medicine, from which courses, curricula and examinations are derived.



Professor Martin Kendall is Emeritus Professor of Clinical Pharmacology at the College of Medical and Dental Sciences, University of Birmingham. He was appointed Senior Lecturer and Consultant. He was later appointed Professor and trained a generation of doctors, some of whom became clinical pharmacologists working in the NHS, Academia and the drug. Professor Kendall was, from 2000 to 2008, the chair of the British National Formulary (BNF) Joint Formulary Committee, which oversees the clinical content of the BNF. He was also a keen lobbyist for the

creation of a paediatric version of the BNF, culminating in the publication of the first BNF for Children in 2005.

Future Plans

FPM has developed a new strategy for 2020-2022 and agreed a new vision statement which is “A world where effective medicines meet the needs of patients”.

There are four strategic priorities:

1. Set and appraise standards for training in and practice of pharmaceutical medicine
2. Promote understanding of pharmaceutical medicine to create trust
3. Engage with clinical doctors to promote pharmaceutical medicine as a career option and support all FPM members in their training and practice
4. Ensure good governance and financial stability

The work on strengthening the governance of FPM commenced in 2019 with the formation of the Governance working group which is chaired by the Registrar and the review is expected to be completed by the end of 2020. The purpose of the review is to:

- clarify key roles and relationships on the Board of Trustees
- clarify functions and powers delegated by the Board to committees
- understand the accountability to the Board of Trustees; and
- update and amend the existing regulations.

As part of developing the new strategy 2020-2022, new organisational values for FPM to guide the behaviour of staff, officers, trustees, members and stakeholders were developed in June 2019. Values are important to a modern organisation as they shape the culture, support decision-making, boost performance but most importantly, guide behaviour.

The new values agreed for FPM are:

We are:	This means:
Professional	Being accountable for our work and actions
Innovative	Seeking solutions proactively
Caring	Treating everyone with dignity
Collaborative	Working positively with others
Credible	Being honest and ethical in our work
Learned	Investing in developing knowledge and skills

A programme of activities will be developed to launch the values and begin the task of embedding them into the processes, functions and culture in FPM.

Activities planned for 2020 include:

- FPM's ongoing response to the COVID-19 crisis
- Investment in platforms to deliver online exams and training
- Recruit a new Membership and Events Manager
- Produce a Memorandum of Understanding to enable collaborative work with IFAPP and IFAPP academy
- Revamp the award ceremony including new award categories
- Review the digital infrastructure in FPM as part of the modernisation plan

The ongoing concerns regarding COVID-19 meant that practical, unobtrusive and preventative measures were taken to protect staff and visitors to the FPM building at Angel Gate, London. A COVID-19 risk register was developed, and mitigation steps included new processes such as allowing the Designated Body to implement remote appraisals.

Once the government made the decision to implement lockdown for the UK population, the FPM office quickly operationalised activities so that the business continued seamlessly with the staff working remotely. For example, telephone extensions were linked to the staff's newly acquired mobile telephones to ensure that FPM members could still contact the office with their queries. An additional licence for GoToMeetings was also purchased so that FPM could hold two parallel video conferences. This ensured that the schedule of committee meetings continued as part of FPM's business continuity plan.

Financial Review

Dr Chris Worth stood down as the Honorary Treasurer after six years of service. We extend our most sincere gratitude to Chris for his stewardship of the FPM finances.

In January 2019, the trustees approved a deficit operational budget for 2019 of £18,766. As at 31 December 2019 FPM's accounts showed an operating deficit of £39,342 (2018: operating surplus of £17,197) before investment gains of £96,192 for the 12 months. Therefore, there was a surplus after investment gains of £56,850.

Income

Income received was in line with budget and increased by 3% to £1,586,397, an increase of £48,059 on the previous year. This compares with an increase of 10% in 2018. In 2019 the proportion of income received relating to education and standards was 62% (2018: 62%) and the proportion of income received from membership subscriptions was 31% (2018: 33%).

FPM has continued to increase income by providing a range of services including revalidation, events, sponsorship and training which are well supported by our membership.

Expenditure

Expenditure increased by 7% to £1,625,739, an increase of £104,598 on the previous year and in 2019 comprises:

- 73% (2018: 74%) on education and standards
- 16% (2018: 16%) on communications and advocacy
- 11% (2017: 10%) on membership support activities

Additional expenditure was incurred delivering revalidation services as an increasing number of doctors undertook their 5-year revalidation and we incurred higher than anticipated recruitment costs replacing four members of staff including our Chief Executive and Head of Revalidation Operations. FPM has also invested in our infrastructure with the development of a new website.

Movement in funds

The surplus at 31 December 2019 after net investment gains was £56,850 (2018: deficit of £30,475). As at 31 December 2019 the total funds are £922,264 (2018: £865,414). These are comprised of unrestricted funds of £922,264. There are no restricted funds.

Financial outlook

During 2020, an operational plan to implement the new strategy 2020-2022 will be developed. This plan will reflect the impact of the Covid-19 crisis as the FPM office has been closed since 16 March 2020 at the time of writing. The FPM staff have become adept at home working and using a range of video conferencing tools that match the size of the attendance.

FPM will continue to provide educational and training events but will aim to deliver these as online events until the self-isolating is removed. However, FPM does have physical events planned for Autumn 2020 including the Diploma of Pharmaceutical Medicine examinations in September and October and our Annual Symposium in late November. We hope these will be able to go ahead as planned but accept this may not be possible, to mitigate this risk we are working on alternative ways to deliver this programme of events.

The new PMST curriculum will be submitted in Autumn 2020 and plans to raise awareness of the new training programme will be developed with a view to increase the number of trainees.

As part of the plan to hold more virtual meetings, we expect more of our committee meetings to be held virtually thus reducing the costs of meetings.

There will also be a focus on developing a membership strategy to improve the recruitment, retention and engagement of members. Income generation will also be a priority for 2020 with a focus on fundraising for specific projects.

The Board of Trustees are acutely aware of the unsustainable year on year cash position, albeit mitigated by reserves and are addressing this through approval of specific projects to raise revenue, improve membership and cashflow. A review of the payment of fees to service providers will also be undertaken to ensure that the services align with the continued needs of FPM. By focusing on income generation and costs reduction, FPM hopes to see an improvement in its financial position in the next 12 -18 months.

Reserves policy

FPM's policy is to build up and hold free reserves. The term free reserves include 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.

Considering the above factors, the trustees have determined that at the present time, it is appropriate to hold free reserves equivalent to six-months to one year of FPM's annual operating costs (for 2020 £858k - £1,715k). The policy on reserves is reviewed annually in conjunction with FPM's strategic planning, financial and risk management processes.

As at 31 December 2019 FPM's total free reserves amounted to £807,112 (£721,909 at the start of the period). The current level represents approximately 5.6 months' operating costs based upon budgeted expenditure for 2020. In addition to this, a sum of £115,152 (2018: £143,512) has been designated in the year as a Tangible Fixed Asset fund and represents the net book value of those assets and is therefore not available to meet future expenditure. The trustees have designated £29,596 of free reserves (£29,596 also at the start of the year), which represents the balance of funds remaining from the Development Appeal in 2002, setting these funds aside at the trustees' discretion for development projects. The balance of unrestricted funds £777,516 (2018: £692,305) are general funds available to fund day to day operations.

Investment policy

FPM's investment policy is reviewed once a year, or more frequently should the need arise. FPM's overall investment aims are to allow reasonable growth whilst also maximising security. FPM seeks capital growth from its invested funds, and it is envisaged that any income generated will be re-invested in the fund. Investment Policy is to minimise risk and ensure security of the funds balanced by a reasonable opportunity for capital growth. Funds are spread between cash and collective funds of stocks and bonds, with the proportional allocation to investment type and geographical region determined by expert independent advice. The Treasurer is responsible for the monitoring of investments. Investment decisions will be made with a minimum five-year horizon. When making major changes to the investment arrangements the trustees seek external advice. The trustees will review the ethical policy of the fund management provider prior to purchase of any investment, to ensure that the proposed investments are in alignment with FPM's mission. It is not the intention of FPM to be overly prescriptive of what stocks can and cannot be included.

Investment performance

Clarity Ltd provides FPM with formal investment reviews and advice on an ongoing basis. The trustees commissioned Clarity Ltd to conduct a full independent review of its investments in 2019, the previous investment review took place in 2013.

The market value of FPM's investments was £957,304 at 31 December 2019 compared with a market value of £648,404 at 31 December 2018. This includes a net cash investment of £212,708 and a net gain on investments of £96,192 representing a gain of 10% in the year. The trustees consider this to be in line with market conditions in 2019. However, volatility in the stock markets as a result of the COVID-19 crisis has reduced the value of FPM's investment portfolio by 8% since 31 December 2019, as at 30 April 2020. The trustees regard the portfolio as a long-term investment.

Pay policy

The pay of employed staff is reviewed annually, and any increases are agreed by the President, Vice President, Registrar and Treasurer on behalf of the trustees. Increases are usually in accordance with average earnings, but the trustees may award additional increases from time to time if justified. A remuneration benchmark report is commissioned by the trustees periodically from an independent organisation to compare pay with similar roles in the voluntary sector. The most recent report was received in December 2015.

Risk management

During 2019 the trustees have identified and reviewed the major risks to which FPM could be exposed. A risk register is maintained by the Chief Executive and 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.

The trustees had identified that the most significant current risks continue to be the financial risks associated with the move to larger premises and the associated increase in running costs. These risks have been mitigated by controlling expenditure, especially related to servicing FPM's premises, and projects to grow current activities and develop new ones will be developed to support the strategic aim of income generation. The trustees will monitor the overall financial position and progress carefully during 2020 and beyond.

FPM has developed a risk register to specifically to manage the risks associated with the Covid-19 crisis in 2020.

Reference and Administrative Details

Status

The Faculty of Pharmaceutical Medicine of the Royal Colleges of Physicians of the United Kingdom (FPM) was founded in 1989 and registered as a charity in 1992, Charity number 1130573. FPM became a charitable company on 1 November 2009, Company number 06870644.

Other name

The Faculty of Pharmaceutical Medicine.

Trustees

The trustees who served since 1 January 2019 are listed below:

President:	Professor Tim Higenbottam
Vice President:	Dr Flic Gabbay
Registrar:	Dr Tom Morris
Treasurer:	Dr Peter Feldschreiber (from February 2020) Dr Tim Crook (until December 2019) Dr Chris Worth (until November 2019)
RCP London Trustee:	Dr Robert Unwin
RCP Edinburgh Trustee:	Professor Angela Thomas (from May 2020) Dr Isla Mackenzie (until January 2020)
RCP&S Glasgow Trustee:	Dr Gerard McKay (from January 2020) Professor Mathew Walters (until July 2019)
Lay Trustee	Mr William Payne
Lay Trustee	Professor Alan Cribb Dr Stuart Dollow Dr David Jefferys Dr Sharon McCullough Dr Tahir Saleem Dr Assem el Baghdady (from May 2020) Dr Lalitha Mahadavan (until January 2020)

Chief Executive

Dr Marcia Philbin (from 24 June 2019)
Ms Sarah Davis (interim from 17 September 2018 to 24 June 2019)

Principal advisors

Accountants:	JS2 Limited, One Crown Square, Woking, Surrey, GU21 6HR
Auditors:	Sayer Vincent LLP, Chartered accountants and statutory auditors, Invicta House, 108 -114 Golden Lane, London EC1Y 9TL
Investment advisors:	Clarity Ltd, One Crown Square, Woking, Surrey, GU21 6HR CCLA Investment Management Ltd, 80 Cheapside, London, EC4P 4DQ
Bankers:	C Hoare & Company, 37 Fleet Street, London, EC4P 4DQ Santander UK plc, 301 St Vincent St, Glasgow, G2 5NT HSBC, 28 Borough High Street, London, SE1 1YB
Solicitors:	Hempsons Solicitors, Hempsons House, 40 Villiers Street, London, WC2N 6NJ

Registered office and operational address

19 Angel Gate, 326a City Road, London, EC1V 2PT

Structure, Governance and Management

The organisation is a charitable company limited by guarantee, incorporated on 6 April 2009 and registered as a charity on 15 July 2009. On 1 November 2009, the assets, liabilities and operations from the unincorporated charity, which had been registered in 1992, were transferred to the charitable company.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In addition, regulations have been agreed by the trustees.

Members of FPM recognised as voting members under the Companies Act are ordinary Fellows and full Members.

Associate members are those enrolled in the Pharmaceutical Medicine Specialty Training Programme and Affiliate membership is open to any physician who works in or has a professional interest in pharmaceutical medicine.

As at 31 December 2019, the number of members in each category were as follows:

	2019	2018
UK Fellows	377	379
International Fellows	149	154
Honorary Fellows	97	86
Total number of Fellows	622	619
UK Members	218	228
International Members	86	95
Honorary Members	16	16
Total number of Members	320	339
UK Associate members	92	96
International Associate members	6	4
Total number of Associate members	98	100
UK Affiliate members	410	406
International Affiliate members	52	53
Total number of Affiliate members	462	459
Total number of members	1502	1517

FPM Board of Trustees

The FPM Board, as trustees of the charity and directors of the company, are responsible for the overall management and administration of the organisation. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 3 to the accounts.

Members of the Board are the President, who is the Chairman, the Vice President, the Registrar, the Treasurer, the Presidents of the three parent colleges (or their nominees), five Fellows and/or Members and two Lay members. All members of the Board are trustees and directors and have full voting rights.

The President and Vice President, who must be Fellows, are elected every three years by a ballot of all Fellows and Members. Neither President nor Vice President may serve for more than one term of office. Appointed trustees, including the Registrar and Treasurer, are appointed by the Board through a transparent process and in accordance with the Regulations. The term of office is three years and re-appointment does not normally exceed six years in total. Trustees from the parent colleges are nominated by their respective Presidents and Councils and serve for a maximum of six years. Elected trustees are elected by a ballot of Fellows and Members in accordance with the Regulations and serve for a three-year term. No elected trustee may serve for more than two consecutive terms.

All trustees are provided with an induction and ongoing training on their responsibilities and other matters as required. Trustees are encouraged to attend external governance training, and this has included training offered by FPM's lawyers and auditors.

The Board, having agreed strategy and policy, delegates much of its work to committees within a committee governance structure. Within this structure are three governance committees (Fellowship and Awards Committee, Finance Committee and Remuneration Committee) and four operational committees or groups (Policy and Communications Group, Education and Standards Committee, Ethics and Practice Committee and Trainees Committee). The operational committees may have subcommittees and sub-groups which report to them. Additionally, the Coordination Committee 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. All employees have an annual appraisal at which objectives and a development plan for the year ahead are agreed. A great many members of FPM 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.

Related parties and connected organisations

FPM is a joint Faculty of the Royal College of Physicians, London (RCP), the Royal College of Physicians, Edinburgh (RCPE) and the Royal College of Physicians and Surgeons of Glasgow (RCPSG) and is a member of the Academy of Medical Royal Colleges (AoMRC). FPM 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 General Medical Council (GMC) 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.

FPM's President is an AoMRC Council member. FPM pays an annual membership subscription to the AoMRC which for 2019 was £18,218.

The FPM's President is a member of the council of the Royal College of Physicians London.

FPM is a member of the PharmaTrain Federation, which provides accreditation and professional certification to ensure the competence of medicines development scientists and clinical investigators.

In 2019, FPM became a member of the Forum of the Academy of Medical Sciences.

Statement of the Trustees' Responsibilities

The trustees (who are also directors of FPM for the purposes of company law) are responsible for preparing the report of the trustees and the 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 charitable company and of the incoming resources and application of resources, including the net income or expenditure, of the charitable company 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 judgments and accounting 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Voting members of the charity (Fellows and Members only) guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2019 was 830 (2018: 856). The trustees, except for the lay trustees and trustees from the parent colleges, are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Sayer Vincent were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 14 May 2020 and signed on their behalf by

Professor Tim Higenbottam

President of the Faculty of Pharmaceutical Medicine

Independent auditor's report

Independent auditor's report to the members of Faculty of Pharmaceutical Medicine of the Royal Colleges of Physicians of the United Kingdom.

Opinion

We have audited the financial statements of Faculty of Pharmaceutical Medicine of the Royal Colleges of Physicians of the United Kingdom (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 charitable company 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 where:

- 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 charitable company'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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual 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' annual.

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:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- 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' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Joanna Pittman (Senior statutory auditor)

14 May 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditors
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

Statement of Financial Activities (incorporating an Income & Expenditure Account)

For the Year ended 31 December 2019

	Note	2019 Funds £	2018 Funds £
Income			
Income from charitable activities:			
Education & standards		983,660	956,585
Communications & advocacy		22,488	10,730
Membership subscriptions		494,258	503,522
Income from investments		23,178	13,812
Income from other trading activities		62,813	53,689
Total income		1,586,397	1,538,338
Expenditure			
<i>Expenditure on charitable activities:</i>			
Education & standards		1,185,076	1,126,665
Communications & advocacy		255,625	239,364
Membership support services		185,038	155,112
Total expenditure	2	1,625,739	1,521,141
Net income/(expenditure) before gains on investments		(39,342)	17,197
Net (losses)/gains on investments	7	96,192	(47,672)
Net (expenditure)/income and movement in funds		56,850	(30,475)
Total funds brought forward		865,414	895,889
Total funds carried forward		922,264	865,414

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 10 to the financial statements. All funds have been treated as unrestricted.

Faculty of Pharmaceutical Medicine of the Royal Colleges of Physicians of the United Kingdom
Company number: 06870644
Balance sheet
As at 31 December 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible fixed assets	6		115,151		143,512
Investments	7		<u>957,304</u>		<u>648,404</u>
			1,072,455		791,916
Current assets					
Debtors	8	144,113		119,980	
Cash at bank and in hand		<u>418,430</u>		<u>678,223</u>	
		562,543		798,203	
Creditors: amounts due within one year	9	<u>(712,734)</u>		<u>(724,705)</u>	
Net current (liabilities)/assets			(150,191)		73,498
Net assets			<u>922,264</u>		<u>865,414</u>
Funds	10				
Restricted funds			-		-
Unrestricted funds:					
Designated funds			144,747		173,108
General funds			<u>777,517</u>		<u>692,306</u>
Total funds			<u>922,264</u>		<u>865,414</u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved, and authorised for issue, by the trustees on 14 May 2020 and signed on their behalf by:-

Professor Tim Higenbottam - President

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

Statement of Cash Flows

For the year ended 31 December 2019

	£	2019 £	£	2018 £
Cash flows from operating activities:				
Net income/(expenditure) for the year	56,850		(30,475)	
Adjustments for:				
Depreciation charges	28,360		37,179	
Dividends and interest	(23,178)		(13,812)	
Loss on disposal of fixed assets	-		-	
(Increase)/decrease in debtors	(24,133)		(15,736)	
Increase/(decrease) in creditors	(11,971)		110,377	
(Gains)/Losses on investments	(96,192)		47,672	
Net cash provided by (used in) operating activities		(70,264)		135,207
Cash flows from investing activities:				
Dividends and interest	23,178		13,812	
Purchase of tangible fixed assets	-		(5,322)	
Additions at cost	(252,504)		(22,522)	
Disposal proceeds	39,796		17,196	
movement in cash held	-		26	
Net cash provided by (used in) investing activities		(189,530)		3,190
Change in cash and cash equivalents in the year		(259,793)		138,397
Cash and cash equivalents at the beginning of the year		678,223		539,827
Cash and cash equivalents at the end of the year		418,430		678,223

1. Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charity is a public benefit entity for the purposes of FRS 102 and therefore has also prepared the financial statements in accordance with the 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 (The FRS 102 Charities SORP), the Charities Act 2011 and the Companies Act 2006.

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the Charity's forecasts and projections. The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Incoming resources

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.

Subscriptions and revalidation fees 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.

Resources expended

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 based on staff time of the amount attributable to each activity.

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

Fund accounting

Unrestricted funds include donations and other incoming resources receivable or generated for the objects of FPM.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted funds are funds subject to specific restrictive covenants imposed by donors or by the purpose of the appeal.

Pensions

FPM contributes 10% of salaries to individual money purchase pension schemes. The assets of the schemes are held separately from those of FPM in independently administered funds. The pension cost charge represents contributions payable under the schemes by FPM to the fund. FPM has no liability under the schemes other than for the payment of those contributions.

Tangible fixed assets and depreciation

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
Leasehold improvements	10 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.

1. Basis of preparation (continued)

Investments

Investments held as fixed assets are revalued at bid-price value at the balance sheet date. The gain or loss for the period is taken to the statement of financial activities.

Operating leases

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.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

With the exception of the listed investments described above the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. Total resources expended

	Direct staff costs £	Other direct costs £	Support costs £	Total 2019 £	Total 2018 £
Education & standards	242,846	632,110	310,120	1,185,076	1,126,665
Communications & advocacy	83,185	66,211	106,229	255,625	239,364
Membership support services	81,263	-	103,775	185,038	155,112
	<u>407,294</u>	<u>698,321</u>	<u>520,124</u>	<u>1,625,739</u>	<u>1,521,141</u>
	<u>404,862</u>	<u>606,837</u>	<u>509,442</u>	<u>1,521,141</u>	

Support costs are allocated on the basis of staff cost.

2. Total resources expended (continued)

Total resources expended in prior year

	Direct staff costs	Other direct costs	Support costs	Total 2018
	£	£	£	£
Education & standards	247,108	568,618	310,939	1,126,665
Communications & advocacy	89,069	38,219	112,076	239,364
Membership support services	68,685	-	86,427	155,112
	<u>404,862</u>	<u>606,837</u>	<u>509,442</u>	<u>1,521,141</u>

3. Net movement in funds

This is stated after charging:	2019	2018
	£	£
Trustees' indemnity insurance	5,439	4,906
Trustees' expenses	11,864	9,229
Auditors' remuneration:		
▪ audit (excluding VAT)	8,200	8,000
Depreciation	28,360	37,179
Operating lease rentals:		
▪ property	203,118	194,884
▪ other	5,870	6,416
	<u>242,539</u>	<u>242,539</u>

One trustee (2018: one trustee) received remuneration in the year of £2,017 (2018: £3,173) for providing revalidation appraisals. Laliitha Mahadavan is a contracted provider of appraisal services and received remuneration relating to her work on three appraisals conducted between April and August of 2019. The Trustees approved the payments. Trustees' expenses above relate to the reimbursement of travel and subsistence costs of 5 trustees (2018: 6 trustees) for attendance at meetings of the trustees and activities of FPM.

4. Support costs

	2019	2018
	£	£
Governance costs		
Audit & other advice	9,858	11,160
Board expenses	9,829	5,659
Other	7,464	6,391
	<u>27,151</u>	<u>23,210</u>
Staff costs	33,797	42,445
Other support costs:		
Rent, rates and service charges	237,629	226,535
Stationery, postage and printing	9,866	9,592
Staff welfare	12,069	8,841
IT Costs	36,026	34,675
Equipment	23,654	26,996
Depreciation	28,360	37,180
Telephone and fax	2,688	2,658
Legal, professional & accountancy	30,357	24,497
Insurance	13,887	12,053
Memberships	19,371	18,099
Miscellaneous	45,269	42,661
	<u>520,124</u>	<u>509,442</u>

5. Staff costs and numbers

Staff costs were as follows:	2019	2018
	£	£
Salaries and wages	333,828	354,552
Social security costs	24,858	34,216
Pension contributions	38,996	47,395
Temporary staff	7,729	6,322
Recruitment	35,679	4,822
	441,090	447,307

No employee earned between £60,000 - £70,000 per annum during the year (2018: one).

The key management personnel of the Charity comprise the trustees and the Chief Executive. The total employee benefits of the key management personnel (including employers' NI and pension) of the Charity were £42,395 (2018: £83,747)

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2019	2018
	No.	No.
Education & standards	5.1	5.2
Communications & advocacy	1.8	1.9
Membership support	1.7	1.5
Governance	0.7	0.9
	9.3	9.5

6. Tangible fixed assets

	Computer Software	Computer & Office equipment	Leasehold improvements	Total
	£	£	£	£
Cost				
At 1 January 2019	34,327	57,926	211,264	303,517
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	34,327	57,926	211,264	303,517
Depreciation				
At 1 January 2019	34,327	48,083	77,596	160,006
Charge for the period	-	7,234	21,126	28,360
Disposals	-	-	-	-
At 31 December 2019	34,327	55,317	98,722	188,366
Net book value				
At 31 December 2019	-	2,609	112,542	115,151
At 31 December 2018	-	9,844	133,668	143,512

Faculty of Pharmaceutical Medicine of the Royal Colleges of Physicians of the United Kingdom
Notes to the Financial Statements
For the year ended 31 December 2019

7. Investments

	2019 £	2018 £
Market value at the start of the year	648,404	690,776
Additions at cost	252,504	22,522
Less disposals at carrying value	(39,796)	(17,196)
Net gain / (loss) on revaluation	96,192	(47,672)
Net investment in cash funds	-	(26)
Market value at the end of the year	<u>957,304</u>	<u>648,404</u>
Historic cost at the end of the year	<u>691,330</u>	<u>483,375</u>

	Cost 2019 £	Cost 2018 £	Market Value 2019 £	Market Value 2018 £
Investments comprise:				
Cash funds	0	0	0	0
Charities Official Investment Fund - Income shares	201,127	101,127	361,324	219,406
Property	66,466	54,164	69,974	65,423
UK equities	163,530	126,036	218,215	138,771
International equities	83,981	62,982	111,927	75,791
Bonds	176,226	139,066	195,864	149,013
	<u>691,330</u>	<u>483,375</u>	<u>957,304</u>	<u>648,404</u>

8. Debtors

	2019 £	2018 £
Prepayments	117,041	106,419
Sundry debtors & accrued income	27,072	13,561
	<u>144,113</u>	<u>119,980</u>

9. Creditors: amounts due within one year

	2019 £	2018 £
Trade creditors and accruals	193,920	174,473
Taxation and social security	8,850	7,230
Other creditors	111,668	122,791
Deferred income	398,296	420,211
	<u>712,734</u>	<u>724,705</u>

Deferred income

Deferred income comprises CHP and DHP exam income, 2019/20 revalidation fee income, and rental income relating to the 19 Angel Gate deposit and rent paid in advance.

	2019 £	2018 £
Deferred income brought forward	420,211	312,478
Resources deferred in the year	398,296	420,211
Amounts released from previous years	(420,211)	(312,478)
Deferred income carried forward	<u>398,296</u>	<u>420,211</u>

10. Movements in funds

Movements in funds in current year

	Brought forward 1 January 2019 £	Incoming resources £	Outgoing resources £	Transfers & investment gains £	Carried forward 31 December 2019 £
Unrestricted funds:					
<i>Designated funds:</i>					
Development Appeal	29,596	-	-	-	29,596
Fixed Asset	143,512	-	-	(28,361)	115,151
<i>Total designated funds</i>	<u>173,108</u>	<u>-</u>	<u>-</u>	<u>(28,361)</u>	<u>144,747</u>
<i>General funds</i>	<u>692,306</u>	<u>1,586,397</u>	<u>(1,625,739)</u>	<u>124,553</u>	<u>777,517</u>
Total unrestricted funds	<u>865,414</u>	<u>1,586,397</u>	<u>(1,625,739)</u>	<u>96,192</u>	<u>922,264</u>
Total funds	<u>865,414</u>	<u>1,586,397</u>	<u>(1,625,739)</u>	<u>96,192</u>	<u>922,264</u>

Movements in funds in prior year

	Brought forward 1 January 2018 £	Incoming resources £	Outgoing resources £	Transfers & investment gains £	Carried forward 31 December 2018 £
Restricted funds:					
Members' area refurbishment appeal	-	-	-	-	-
Donation for Annual Dinner	-	1,500	(1,500)	-	-
Total restricted funds	<u>-</u>	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>
Unrestricted funds:					
<i>Designated funds:</i>					
Development Appeal	29,596	-	-	-	29,596
Fixed Asset	175,369	-	-	(31,857)	143,512
<i>Total designated funds</i>	<u>204,965</u>	<u>-</u>	<u>-</u>	<u>(31,857)</u>	<u>173,108</u>
<i>General funds</i>	<u>690,924</u>	<u>1,536,838</u>	<u>(1,519,641)</u>	<u>(15,815)</u>	<u>692,306</u>
Total unrestricted funds	<u>895,889</u>	<u>1,536,838</u>	<u>(1,519,641)</u>	<u>(47,672)</u>	<u>865,414</u>
Total funds	<u>895,889</u>	<u>1,538,338</u>	<u>(1,521,141)</u>	<u>(47,672)</u>	<u>865,414</u>

Purposes of restricted funds

In 2019 a restricted donation towards the cost of the annual dinner was received from one member.

Purposes of designated funds

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

Reserves Policy Fund - The fund has been designated with the intention of holding between 6-12 months operating expenditure which is the level set by the trustees in the FPM's Reserve Policy. At 31 December 2019 these funds were transferred to general funds.

Fixed Asset Fund - The fund represents the net book value of tangible fixed assets in use by FPM and therefore not available to meet future expenditure. A transfer is made each year to reflect the change in net book value.

11. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Investments	-	-	957,304	957,304
Tangible fixed assets	-	115,151	-	115,151
Net current assets	-	29,596	(179,787)	(150,191)
	-	144,747	777,517	922,264

Analysis of net assets between funds in prior year

	Restricted funds £	Designated funds £	General funds £	Total funds £
Investments	-	-	648,404	648,404
Tangible fixed assets	-	143,512	-	143,512
Net current assets	-	29,596	43,902	73,498
	-	173,108	692,306	865,414

12. Operating lease commitments

FPM had total commitments at the period end under operating leases (all for land & buildings) expiring as follows:

	2019 £	2018 £
Less than 1 year	203,118	203,118
1 - 5 Years	812,470	812,470
5 + Years	169,264	372,382
	1,184,852	1,387,970

Operating lease commitments receivable as a lessor

Amounts receivable under non-cancellable operating leases are as follows:

	2019 £	2018 £
Less than 1 year	20,010	20,010
1 - 5 Years	-	-
5 + Years	-	-
	20,010	20,010

13. Prior year comparatives

Statement of Financial Activities for the year ended December 2018

	Unrestricted Funds £	Restricted Funds £	2018 Funds £
Income			
<i>Income from charitable activities:</i>			
Education & standards	955,085	1,500	956,585
Communications & advocacy	10,730	-	10,730
Membership subscriptions	503,522	-	503,522
Income from investments	13,812	-	13,812
Income from other trading activities	53,689	-	53,689
Total income	1,536,838	1,500	1,538,338
Expenditure			
<i>Expenditure on charitable activities:</i>			
Education & standards	1,125,165	1,500	1,126,665
Communications & advocacy	239,364	-	239,364
Membership support services	155,112	-	155,112
Total expenditure	1,519,641	1,500	1,521,141
Net expenditure before gains on investments	17,197	-	17,197
Net gains on investments	(47,672)	-	(47,672)
Net income & Net movement in funds	(30,475)	-	(30,475)
Total funds brought forward	895,889	-	895,889
Total funds carried forward	865,414	-	865,414