

THE SOCIETY OF ORTHOPAEDIC MEDICINE

Statement Of Accounts

Year Ended 31 May 2007

THE SOCIETY OF ORTHOPAEDIC MEDICINE

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THE SOCIETY OF ORTHOPAEDIC MEDICINE

Company Information for the Year Ended 31 May 2007

The Society of Orthopaedic Medicine was incorporated on 11 January 1983 as a Company limited by guarantee and not having a share capital.

The Company was registered with the Charities Commission on 17 January 1990 as a charity whose purpose is to promote Orthopaedic Medicine through education and the funding of research.

Registered Numbers:

Registrar of Companies 1700787 (England and Wales)

Charities Commission 802164

Registered Office 30a Wimpole Street
London
W1G 8GT

Members of the Council Dr D Knott (Chairman)
Dr E Atkins
Ms A Clough
Mr J Flynn
Ms E Goodlad
Mr P Hattam
Dr C Monella
Ms F Ottewell
Mrs F Pedler
Dr D Reid
Dr N Shaw

Ms A-M Ainscough Potts (ex officio Honorary Treasurer)
Dr K Bush (ex officio President)

Administrative Director Mrs A Sherwood

Auditors Waterworths
Registered Auditors
Chartered Accountants
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

Bankers National Westminster Bank Plc
Clapham Junction Branch
66/68 St John's Road
Clapham Junction
London
SW11 1PB

Investment Managers Dowry Financial Management Ltd
Dowry House
3 Grove Road
Redland
Bristol
BS6 6UJ

SOCIETY OF ORTHOPAEDIC MEDICINE

Report of the Council for the Year Ended 31 May 2007

The Council, who for the purposes of Company Law are Directors of the Company, submit their Report and Accounts for the year ended 31 May 2007.

The legal and administrative information set out on page 1 forms part of this report. 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 issued in March 2005.

Company Law requires the Council to prepare Accounts that give a true and fair view of the state of affairs of the Company and of the net incoming or outgoing resources for its financial year. In doing so the Council are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Council are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Accounts comply with Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

<u>Members of the Council</u>		<u>Appointed</u>	<u>Resigned</u>
Chairman	Dr D Knott	01/12/00	
Honorary Treasurer	Ms A-M Ainscough Potts	04/12/99	
Secretary	Mrs F Ottewell	03/12/05	
Other Members of Council	Mrs F Pedler	01/12/89	
	Dr E Atkins	03/12/05	
	Ms A Clough	01/12/02	
	Ms E Goodlad	06/12/03	
	Mr P Hattam	02/12/06	
	Mr J Flynn	04/12/04	
	Mrs K Flynn		02/12/06
	Dr C Monella	04/12/04	
	Dr D Reid	03/12/05	
	Dr N Shaw	03/12/05	

All council members, with the exception of the honorary treasurer, are also Trustees of the charity.

Members of the Council are elected/re-elected at the Annual General Meeting by the membership. During the year, Ms A-M Ainscough-Potts was elected as Honorary Treasurer, Dr Keith Bush was elected as Honorary President, Mr P Hattam was elected as a member of Council and Dr D Knott and Ms E Goodlad were re-elected as Members of the Council.

Methods adopted for the recruitment and appointment of new Trustees

A call for nominations for Trustees was sent to all SOM members in advance of the Annual General Meeting and nominees were elected at the AGM held 2nd December 2006

Trustee induction and training

All newly-elected Trustees are sent an information pack which includes past minutes of Council meetings, Charity Commission information including 'Responsibilities of Charity Trustees', newsletter updates and link to the Charity Commission web site, A copy of the Memorandum and Articles of Association, a copy of the SOM Reserves Policy and the SOM Committee Terms of Reference. Trustees are updated on current SOM activities regularly by email and during the Council meetings which are held twice per annum.

THE SOCIETY OF ORTHOPAEDIC MEDICINE

Report of the Council for the Year Ended 31 May 2007

(Continued)

Organisational Structure

The SOM Council Members are the main decision-makers for the organisation. Sub-committees include the Education Committee, Finance Committee, Research Committee, Marketing Committee and an ad hoc Strategic Planning Committee. All Committees have their Terms of Reference which outline their responsibilities and reporting structure. All sub-committees report to the SOM Council.

Annual budgets are prepared by the Administrative Director, which are then approved by the Finance Committee and Council Members. Any additional expenditure outside of the approved budget requires approval from all Council Members.

The Administrative Director manages the administration for the organisation and attends all Council and Committee meetings.

Risk Management

The Council has assessed the major risks to which the charity is exposed. These have been particularly identified to be the operations and finance of the Society, with specific concern being applied to the success of courses and presentations put on by the Society. The Council are satisfied that systems are in place to mitigate the Society's exposure to major risks. These procedures are periodically reviewed to ensure that they still meet the needs of the Society.

Objectives and Strategies

The Society was established "for the benefit of the public in relieving sickness by promoting and advancing the use, study and science of Orthopaedic Medicine and by providing facilities for treatment, education, study and research therein".

The Society's objectives and strategies are constantly being reviewed by the Council Members during Council and Education Committee meetings which are held twice per annum. Additional strategic planning meetings are held if deemed necessary and questionnaires are sent to the membership to ascertain their views on any major topics that may require changes to the current constitution.

Achievements and performance

The Society's activities have focused mainly on education with the Diploma course, GP Seminars, annual symposium and MSc programme continuing to be successful and profitable for the organisation.

Membership subscription figures at 31 December 2006 are as follows:

Full membership	855
Associate membership	407
Fellows	41
Honorary	7
TOTAL MEMBERSHIP	1310

Members of the Society have been kept up to date with current research in the speciality by including a research articles section within the members-only section of the web site, and publication of the newsletter SOMTimes and the *Journal of Orthopaedic Medicine*. The SOM Research Fellow, Deborah Cox, has continued her commitment to the post by providing suitable research papers for this purpose.

The continued development of the Society of Orthopaedic Medicine MSc Orthopaedic Medicine, which is validated by Middlesex University, enables members of the SOM to build on their existing knowledge, skills and experience in order to develop mastery in orthopaedic medicine practice

THE SOCIETY OF ORTHOPAEDIC MEDICINE

Report of the Council for the Year Ended 31 May 2007 (Continued)

Investment Policy and Performance

Council has considered the most appropriate policy for investing funds, taking account of the Society's requirement that such investments must be secure, that the value of the capital involved must be maintained and that ready access to the invested funds must be available. Council feels that a combination of holdings in UK collective investment schemes and bank deposits satisfies these criteria.

The Society currently holds readily available funds in two Reserve Accounts on which interest is received every quarter. As at 31 May 2007 the reserve accounts held £495,176 (2006: £421,632) with interest received during the year being £10,643 (2006: £7,633). The Society also has a current account, which at the year-end was overdrawn by £19,936 (2006: £17,655 overdrawn).

Grant making policy

The SOM Research Committee advises the Council Members on grant making policies. The current SOM research grants are open to applications from SOM members to assist with research projects that are particularly relevant to the SOM mission.

Reserves Policy

The Council have established a policy to maintain unrestricted funds, which are free reserves of the Society, at a level to equate with twelve months of the resources expended. The Council feels that this level provides sufficient funds to cover management, support and administration costs to facilitate the continuation of the current activities of the charity in the event of a significant drop in funding.

As at 31 May 2007 the Society held unrestricted funds of £472,427 (2006: £409,021) while expenditure for the year of operation was £417,472 (2006: £386,527).

Provision of information to the auditors

- a) So far as the Council are aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) They have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Waterworths, Chartered Accountants of Blackburn be reappointed as auditors of the company will be put to the Annual General Meeting.

ON BEHALF OF THE COUNCIL

Dr D Knott

A-M Ainscough Potts

Chairman

Honorary Treasurer

Dated:

THE SOCIETY OF ORTHOPAEDIC MEDICINE

Independent Auditors' Report to the Members of The Society of Orthopaedic Medicine

We have audited the financial statements of The Society of Orthopaedic Medicine on pages 6 to 13 for the year ended 31 May 2007. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members of Council and auditors

The Council members' (who are also the directors of the Society of Orthopaedic Medicine for the purposes of Company Law) responsibilities for preparing the Council's 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 on page 2.

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 Companies Act 1985. We also report to you if, in our opinion, the Council's Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Council members' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Council's Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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 Council 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 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.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 May 2007 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Waterworths
Chartered Accountants
Registered Auditors
Central Buildings
Richmond Terrace
Blackburn
BB1 7AP

Dated:

THE SOCIETY OF ORTHOPAEDIC MEDICINE

Statement of Financial Activities (including Income and Expenditure Account) for the Year ended 31 May 2007

	Notes	2007 £	2006 £
INCOMING RESOURCES			
<i>Incoming resources from generated funds:</i>			
Investment income	3	12,613	9,563
<i>Incoming resources from charitable activities:</i>			
Promotion of orthopaedic medicine	4	449,894	463,610
<i>Other incoming resources</i>		8,523	5,487
Total incoming resources		471,030	478,660
RESOURCES EXPENDED			
<i>Charitable activities:</i>			
Promotion of orthopaedic medicine	5	413,917	383,589
<i>Governance costs</i>	9	3,555	2,938
Total resources expended		417,472	386,527
Net incoming resources		53,558	92,133
Realised investment gains		350	-
Net income for the financial year		53,908	92,133
Other recognised gains and losses			
Unrealised investment gains	13	9,498	11,639
Net movement in funds		63,406	103,772
Total funds brought forward		409,021	305,249
Total funds carried forward		472,427	409,021

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities and represent the application of unrestricted funds.

Note of Historical Cost Income & Expenditure for the Year Ended 31 May 2007

	2007 £	2006 £
Reported Net Income	53,908	92,133
Realisation of unrealised investment gains of prior years	697	-
Historical Cost Net Income	54,605	92,133

THE SOCIETY OF ORTHOPAEDIC MEDICINE

Balance Sheet as at 31 May 2007

	Notes	£	2007	£	£	2006	£
FIXED ASSETS							
Tangible assets	10			7,686		4,816	
CURRENT ASSETS							
Stocks	11	720				720	
Debtors	12	53,139				54,496	
Investments	13	107,720				117,398	
Cash at bank and in hand		476,079				404,925	
				<u>637,658</u>		<u>577,539</u>	
CREDITORS							
Amounts falling due within one year	14			172,917		173,334	
						<u>173,334</u>	
NET CURRENT ASSETS				464,741		404,205	
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>472,427</u>		<u>409,021</u>	
Capital Funds							
Members – unrestricted funds	15			472,427		409,021	
				<u>472,427</u>		<u>409,021</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE COUNCIL

Dr D Knott

A-M Ainscough Potts

Chairman

Honorary Treasurer

Approved by the Council on

The notes form part of these financial statements.

THE SOCIETY OF ORTHOPAEDIC MEDICINE

Notes to the Accounts for the Year Ended 31 May 2007

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

Incoming resources

Charitable trading activities

Income from courses and examinations is included in incoming resources in the period in which the relevant event takes place.

Donations and grants

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting period, the income is deferred until those periods.
- When donors impose conditions that have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is include in incoming resources of restricted funds when receivable.

Interest receivable

Interest is included when receivable by the charity.

Resources expended

Resources expended (including grants payable) are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT that cannot be recovered.

Tangible fixed assets

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Medical equipment	-	25% on reducing balance
Slides	-	25% on reducing balance
Office equipment	-	25% on reducing balance

Investments

Investments are included at market value. Realised and unrealised gains and losses are reported in the Statement of Financial Activities.

Taxation

The Society is exempt from UK taxation under Section 505 ICTA 1988.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. These relate to income and expenditure arising in Canada, the USA and Eire.

THE SOCIETY OF ORTHOPAEDIC MEDICINE

**Notes to the Accounts for the Year Ended 31 May 2007
(Continued)**

2 NET INCOMING RESOURCES

The surplus for the year is stated after charging:

	2007	2006
	£	£
Depreciation	2,562	1,605
Auditors' remuneration	3,525	2,938
	<u>6,087</u>	<u>4,543</u>

3 INVESTMENT INCOME

	2007	2006
	£	£
Income from UK listed investments	1,970	1,930
Bank deposit interest	10,643	7,633
	<u>12,613</u>	<u>9,563</u>

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2007	2006
	£	£
Subscriptions	46,958	40,244
Courses and examinations	402,936	423,366
	<u>449,894</u>	<u>463,610</u>

5 ANALYSIS OF CHARITABLE EXPENDITURE

		2007	2006
		£	£
Charitable activities	6	313,304	279,452
Charitable grants	7	10,300	10,920
Support costs	8	90,313	93,217
		<u>413,917</u>	<u>383,589</u>

6 CHARITABLE ACTIVITIES

	2007	2006
	£	£
Course and examination expenses	284,342	251,080
Printing and newsletter	7,247	5,759
Conferences and meetings	21,715	22,613
	<u>313,304</u>	<u>279,452</u>

THE SOCIETY OF ORTHOPAEDIC MEDICINE

**Notes to the Accounts for the Year Ended 31 May 2007
(Continued)**

7	CHARITABLE GRANTS	2007	2006
		£	£
	Grants - Institutions	10,000	10,000
	Grants - Individuals	300	920
		<u>10,300</u>	<u>10,920</u>
8	SUPPORT COSTS	2007	2006
		£	£
	Postage and stationery	5,621	8,907
	Secretarial and book-keeping	57,833	54,227
	Travel and subsistence	1,908	1,282
	Telecommunications	768	1,178
	Finance charges	3,846	3,164
	Insurance	2,231	2,399
	Consultancy	9,906	7,186
	Sundries	1,652	340
	Bad debts	(3,089)	4,099
	Promotion of books	7,075	8,830
	Depreciation	2,562	1,605
		<u>90,313</u>	<u>93,217</u>
9	GOVERNANCE COSTS	2007	2006
		£	£
	Audit	3,555	2,938
		<u>3,555</u>	<u>2,938</u>

THE SOCIETY OF ORTHOPAEDIC MEDICINE

**Notes to the Accounts for the Year Ended 31 May 2007
(Continued)**

10 TANGIBLE FIXED ASSETS

	<u>Direct Charitable Purposes</u>			<u>Other</u>	Total £
	Medical Equip £	Slides £	Sub- Total £	Office Equip £	
Cost					
At 1 June 2006	4,514	2,208	6,722	18,847	25,569
Additions	4,997	-	4,997	435	5,432
At 31 May 2007	9,511	2,208	11,719	19,282	31,001
Depreciation					
At 1 June 2006	4,418	2,106	6,524	14,229	20,753
Charge for Year	1,273	26	1,299	1,263	2,562
At 31 May 2007	5,691	2,132	7,823	15,492	23,315
Net Book Value					
At 31 May 2007	3,820	76	3,896	3,790	7,686
At 31 May 2006	96	102	198	4,618	4,816

11 STOCKS

	2007 £	2006 £
Text books for resale	720	720

Stocks are valued at the lower of cost or net realisable value.

12 DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank deposit interest	2,232	1,330
Course fees	49,499	52,193
Prepayments	786	659
Other debtors	622	314
	<u>53,139</u>	<u>54,496</u>

THE SOCIETY OF ORTHOPAEDIC MEDICINE

**Notes to the Accounts for the Year Ended 31 May 2007
(Continued)**

13 INVESTMENTS

	2007	2006
	£	£
Listed investments (all UK)	107,720	117,398
	<hr/>	<hr/>
	Listed	
	Investments	
	£	
Market value at 1 June 2006	117,398	
Re-investment of distributions	1,662	
Additions	5,300	
Disposals at opening market value	(26,138)	
Gains on revaluation	9,498	
	<hr/>	
Market value at 31 May 2007	107,720	
	<hr/> <hr/>	
Historic cost at 31 May 2007	84,072	
	<hr/> <hr/>	

The investments consist of Open Ended Investment Company and Unit Trust accumulation fund investments. The following investments represent more than 5% of the net assets of the company:

	2007		2006	
	£	%	£	%
New Star Property Unit Trust (accumulation)	26,699	5.7	23,979	5.9
Scottish Widows High Income Bond Share Class A (accumulation)	-	-	20,941	5.1
Standard Life Investments Higher Income Fund (accumulation)	24,726	5.2	22,880	5.6
Invesco Perpetual Monthly Income Plus Fund (accumulation)	25,092	5.3	23,371	5.7

14 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors	33,198	28,025
Accruals	3,525	13,524
Prepaid subscriptions and course income	136,194	131,785
	<hr/>	<hr/>
	172,917	173,334
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THE SOCIETY OF ORTHOPAEDIC MEDICINE

**Notes to the Accounts for the Year Ended 31 May 2007
(Continued)**

15 RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS

	2007	2006
	£	£
At 1 June 2006	409,021	305,249
Movement in resources:		
Incoming	480,878	490,299
Outgoing	(417,472)	(386,527)
At 31 May 2007	<u>472,427</u>	<u>409,021</u>

16 RELATED PARTY TRANSACTIONS

Council members are not remunerated for their services as Council members.

The following payments relate to the provision of professional services of Council members organising, attending and lecturing at courses and the reimbursement of expenses incurred.

	2007	2006
	£	£
Fees	55,750	54,315
Reimbursed expenses	4,508	3,216
	<u>60,258</u>	<u>57,531</u>

The expenditure is included in course and examination expenses.

17 LIABILITY OF MEMBERS OF THE COMPANY

Every member undertakes to contribute to the assets of the Society in the event of it being wound up whilst a member, or within one year thereafter, for the payment of debts and liabilities of the Society contracted before the time at which membership ceased, and of the costs charges and expenses of the winding up and for the adjustment of the rights of the contributors among themselves, such amount as may be required but in any case not exceeding £10.

The number of members at 31 May 2007 was 1,310 (31 May 2006: 1,180)

18 INDEMNITY

Subject to the provision of the Companies Act 1985 all members of the Council or officers of the Society shall be indemnified out of the assets of the Society against any liability incurred by them in that capacity in defending any proceedings whether civil or criminal in which judgement is given in their favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Society. The Society has entered into a contract of insurance to support this indemnity. The cost of providing the level of insurance cover required by the Society was £2,231 (2006: £2,399).