

Pharmaceutical Trust for Educational and Charitable Objects

Financial Report 2006



Royal
Pharmaceutical
Society
of Great Britain

**PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
YEAR ENDED 31 DECEMBER 2006**

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PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

TRUSTEES' REPORT

Four members of the Council of the Royal Pharmaceutical Society of Great Britain (the "Society") act as Trustees of the Pharmaceutical Trust for Educational and Charitable Objects, and present their report and the audited financial statements of the Funds for the year ended 31 December 2006. The financial statements comply with current statutory requirements, the Trust Deed and the Statement of Recommended Practice "Accounting and Reporting by Charities", (SORP 2005). As in previous years the accounts include the transactions, assets and liabilities of the separate charities noted below.

REFERENCE AND ADMINISTRATIVE DETAILS

The Pharmaceutical Trust for Educational and Charitable Objects, also known as PTECO, is a registered charity (No. 281607). Its registered office is as shown on page 6.

The present Trustees, and any past Trustees who served during the year, are given on page 6, together with the names of the senior executive staff.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is governed by its Trust Deed created in 1938.

The Trustees are responsible for the overall governance of the Charity. Trustees are appointed by the Council of the Society from among its members in accordance with the terms of the Trust Deed.

New Trustees receive an induction pack containing everything they need to know about the Charity and its work for effective and informed decision-making, and Trustee-training sessions are held as and when needed.

The Trustees delegate the exercise of certain powers in connection with the management and administration of the Charity as set out below. This is controlled by requiring regular reporting back to the Trustee, so that all decisions made under delegated powers can be ratified in due course.

AUDIT COMMITTEE

The Audit Committee of the Society assists the Charity in relation to Risk Assessment, Risk Management and Internal Control. The Committee which meets quarterly ensures proper procedures are in place to manage cash resources prudently and to maximise income from liquid resources whilst maintaining sufficient funds to meet daily cash requirements.

**PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

GROUP STRUCTURE

The Charity is not part of any group structure. The Charity is managed by the Society on behalf of the Trustees.

STATEMENT OF TRUSTEES' RESPONSIBILITIES AND CORPORATE GOVERNANCE

The Trustees are responsible for their annual report, and for the preparation of financial statements for each financial year which give a true and fair view of the incoming resources and the application of resources of the Charity during the year, and of the state of affairs as at the end of the financial year. In preparing these financial statements, the Trustees are required to:

- ensure that the most suitable accounting policies are established and applied consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether the applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees have overall responsibility for ensuring that the Charity has appropriate systems and controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with statutory requirements. They are also responsible for safeguarding the assets of the Charity and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the Charity is operating efficiently and effectively;
- all assets are safeguarded against unauthorised use or disposition and are properly applied;
- proper records are maintained and financial information used within the Charity, or for publication, is reliable;
- the Charity complies with relevant laws and regulations.

**PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

CORPORATE GOVERNANCE

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Trustees.

The systems of internal control are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- a strategic plan and annual budget approved by the Trustees;
- regular consideration by the Trustees of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of day-to-day management authority and segregation of duties; and
- identification and management of risks.

RISK MANAGEMENT

The Trustees have introduced a formal risk management process to assess business risks and implement risk management strategies. This has involved identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Trustees have reviewed the adequacy of the Charity's current internal controls and the costs of operating particular controls relative to the benefits obtained. Procedures have been established for reporting failings immediately to appropriate levels of management and to the Trustees.

OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE CHARITY

The Charity's declared objects are the maintenance of the educational and other charitable activities undertaken by the Society. These activities include the library and museum located at the Society's headquarters and the monitoring and revision of the educational curriculum studied by pharmacists.

ACHIEVEMENTS AND PERFORMANCE

During the year the Trustees continued to contribute towards the operating expenses of the museum. The museum will be investing in new exhibitions during 2007 and the Charity will continue to support its work.

The Charity has been funded in prior years by Gift Aid payments from the Society.

GRANT MAKING POLICY

The Charity awards grants to the Society to support its charitable activities. These grants are either paid in full or by instalments throughout an agreed period subject to regular review. During 2006 and changes in legislation after the Chancellor's budget speech, a review has been required to take place in terms of making grants to the Society. The process has begun and will continue into 2007.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Statement of Financial Activities (SOFA), set out on page 8, shows a deficit of £40,000 (2005 - £49,000). A grant of £48,000 was paid to the Society (2005 - £63,000).

**PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

FINANCIAL MANAGEMENT POLICIES

Reserves

Free reserves available for use by the Charity are deemed to be those that are readily realisable, less funds whose uses are restricted or else designated for particular purposes.

As the Charity is purely a grant making organisation and has no operational costs the Trustees do not intend to set a minimum level of reserves. It intends to distribute all its income over time by way of grants in discharging its charitable objectives.

INVESTMENT POLICY AND PERFORMANCE

The Trustees may invest the Charity's cash funds not immediately required for its purposes in such investments as it sees fit to maximise returns of the Charity's funds subject to acceptable risks. The Charity has no investments at the year end. Its surplus funds are held in a high interest deposit account available with immediate access.

EMPLOYEES

The Charity does not employ any members of staff directly. Any administrative duties are carried out by the staff of the Society.

FUTURE PLANS

A review and amendment of the Charity's Trust Deed has been ongoing during 2006 and is expected to be finalised during 2007. This will widen its objectives and ability to make grant payments.

**PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

MEMBERS OF THE TRUSTEE BOARD

Mr Hemant Patel
Mr Gerald Alexander
Mr John Jolley
Mr Jonathan Buisson

EXECUTIVE OFFICERS (as at 31 December 2006)

Secretary & Registrar

Miss Ann M Lewis OBE

Director of Finance & Resources

Mr Bernard Kelly

PRINCIPAL PROFESSIONAL ADVISERS

Solicitors

Eversheds,
Senator House,
85 Queen Victoria Street,
London. EC4V 4JL.

Bankers

National Westminster Bank plc,
91 Westminster Bridge Road,
Lambeth,
London. SE1 7HW.

External Auditors

Horwath Clark Whitehill LLP,
St Bride's House, 10 Salisbury Square,
London. EC4Y 8EH.

by order of the Trustees

Mr John Jolley

Trustee

The Pharmaceutical Trust for Educational and Charitable Objects,
1 Lambeth High Street,
London. SE1 7JN
28 March 2007

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PHARMACEUTICAL TRUST FOR EDUCATION AND CHARITABLE OBJECTS

We have audited the financial statements of The Pharmaceutical Trust for Educational and Charitable Objects for the year ended 31 December 2006, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 10.

This report is made solely to the charity trustees, as a body, in accordance with Regulation 7(2) of the Charities (Accounts and Reports) Regulations 2005 (SI 2005/572). Our audit work has been undertaken so that we might state to the charity trustees 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 charity trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the trustees and auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 3.

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

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

We read the other information contained in the Trustees' 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 beyond that referred to in this paragraph.

Basis of opinion

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

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

Unqualified 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 affairs of the charity as at 31 December 2006 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
28 March 2007

St Bride's House
10 Salisbury Square
London EC4Y 8EH

**THE PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTIVES
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2006**

		2006	2005
	Notes	Unrestricted Funds	Unrestricted Funds
INCOMING RESOURCES		£'000	£'000
Generated funds:			
Sundry Income	2	11	14
Total incoming resources available for charitable application		11	14
RESOURCES EXPENDED			
Charitable activities by objective:			
RPSGB Museum and Information Centre funding		48	63
Management and administration of charity		3	-
Total resources expended	3	51	63
Net movement in funds		(40)	(49)
Balances brought forward		284	333
		244	284

The notes on pages 10 to 11 form part of these financial statements

**THE PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006	2005
		Total	Total
		£'000	£'000
CURRENT ASSETS			
Cash at bank and short term deposit		244	284
		<u>244</u>	<u>284</u>
NET ASSETS		<u>244</u>	<u>284</u>
FUNDS			
Unrestricted Charitable funds		<u>244</u>	<u>284</u>

These financial statements were approved by the Trustees on 28 March 2007

Mr Hemant Patel

Mr John Jolley

The notes on pages 10 to 11 form part of these financial statements

**THE PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value, and in accordance with applicable accounting standards and comply with the current Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities SORP) issued in March 2005 and with the accounting provisions of the Companies Act 1985.

a) Incoming resources and fund-accounting

Voluntary income is included in the Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income and the amount can be quantified with reasonable certainty within three months after the financial year-end, for practical reasons. General unrestricted funds represent unrestricted income, which is expendable at the discretion of the Trustees in the furtherance of the objects of the charity.

b) Resources expended

All resources expended are accounted for on an accruals basis.

c) Grants payable

Grants payable are included in the period when any relevant conditions are met by the receiving entity.

d) Liabilities

Liabilities are recognised when the Charity has an obligation to make payment to a third party.

e) Taxation

No provision is made for Corporation Tax, as the Charity is able to claim full statutory exemption subject to the proper application of all its charitable resources.

**THE PHARMACEUTICAL TRUST FOR EDUCATIONAL AND CHARITABLE OBJECTS
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

2. INVESTMENT AND OTHER INCOME

	2006	<i>2005</i>
	£'000	<i>£'000</i>
Interest received	11	14
	<u>11</u>	<u>14</u>

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	2006	<i>2005</i>
	£'000	<i>£'000</i>
Charitable Expenditure:		
Costs of activities in furtherance of the Charity's objectives:		
RPSGB Museum and Information Centre funding	48	63
Legal and professional	3	-
	<u>51</u>	<u>63</u>

4. TRUSTEES' REMUNERATION AND EXPENSES

None of the Trustees received any remuneration during this year or last year.

5. RELATED PARTY TRANSACTIONS

The Royal Pharmaceutical Society of Great Britain maintains the accounting records on behalf of the Charity. It has made no charge for these services during this year or the prior year.