

**THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO
MEDICINE**

AUDITED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2002

- 1. Combined Accounts**
- 2. Accounts excluding Charity**
- 3. Letter of Representation**
- 4. Audit Management Letter**

FINAL DRAFT

**THE COUNCIL FOR
PROFESSIONS SUPPLEMENTARY TO MEDICINE**

COMBINED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2002

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE
COMBINED FINANCIAL STATEMENTS
STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

The purpose of this statement is to distinguish the Council's responsibilities for the financial statements from those of the auditors as stated in their report.

The Professions Supplementary to Medicine Act 1960 requires the Council to prepare financial statements for each financial year which give a true and fair view of the Council's state of affairs at the end of the year and of its surplus or deficit for that period. In preparing those financial statements the Council is expected to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Council will continue in business.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and to enable it to ensure that the financial statements comply with the provision of the Professions Supplementary to Medicine Act 1960.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE COUNCIL FOR PROFESSIONS
SUPPLEMENTARY TO MEDICINE**

We have audited the financial statements of the Council for Professions Supplementary to Medicine for the year ended 31 March 2002 set out on pages 3 to 7.

These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Council and Auditors

As described in the Statement of the Council's Responsibilities, the Council is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Professions Supplementary to Medicine Act 1960. We also report to you if, in our opinion, the Council has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from any 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 of the state of the Council's affairs at 31 March 2002 and of its deficit for the year then ended and have been properly prepared in accordance with the Professions Supplementary to medicine Act 1960.

HORWATH CLARK WHITEHILL
Chartered Accountants and Registered Auditors

25 New Street Square
London EC4A 3LN

13 June 2002

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE
COMBINED FINANCIAL STATEMENTS
BALANCE SHEET
AS AT 31 MARCH 2002

	Notes	2002	2001
		£	£
FIXED ASSETS			
Tangible fixed assets	6	1,564,026	1,082,543
Investments	1(e)	<u>2,146,012</u>	<u>2,156,544</u>
		3,710,038	3,239,087
CURRENT ASSETS			
Debtors and prepayments	7	58,158	86,642
Cash at bank and in hand		<u>1,319,086</u>	<u>1,450,396</u>
		1,377,244	1,537,038
CREDITORS: amounts falling due within one year			
Registration fees in advance		21,301	60,123
Retention fees in advance		670,710	545,431
Creditors and accrued expenses	8	<u>549,859</u>	<u>233,275</u>
		1,241,870	838,829
NET CURRENT ASSETS		<u>135,374</u>	<u>698,209</u>
NET ASSETS		<u>3,845,412</u>	<u>3,937,296</u>
Represented by:			
Charitable trust account		100	100
Accumulated fund		<u>3,845,312</u>	<u>3,937,196</u>
		<u>3,845,412</u>	<u>3,937,296</u>

Approved by the Council on 13 June 2002
and signed on its behalf:

Professor Norma Brook, President, Health Professions Council

Marc J Seale, Chief Executive and Registrar, Health Professions Council

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

COMBINED FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT

31 MARCH 2002

	Notes	2002	2001
		£	£
INCOME			
Registration fees	1(c)	180,150	419,335
Retention fees	1(c)	2,866,417	2,096,724
Restoration fees		89,726	48,029
Pre-Registration fees		572,160	301,329
Sale of registers		1,265	7,175
Investment income	3	110,531	144,029
(Deficit)/surplus on disposal of investments		<u>(49,729)</u>	<u>55,056</u>
TOTAL INCOME		3,770,520	<u>3,071,677</u>
EXPENDITURE			
Staff costs	4	1,506,151	1,173,321
Travelling and subsistence		199,273	197,837
Visits of inspection		50,092	46,299
Examination fees and expenses		60,195	54,110
Joint validation costs		110,563	74,850
Other administration expenses		1,556,023	1,067,948
Deficit/(surplus) on disposal of fixed assets		4,832	(6,095)
Depreciation		<u>105,418</u>	<u>65,546</u>
TOTAL EXPENDITURE		<u>3,592,547</u>	<u>2,673,816</u>
SURPLUS OF INCOME OVER EXPENDITURE	2	177,973	<u>397,861</u>
OTHER RECOGNISED GAINS AND LOSSES			
Change in market value of investments		(71,897)	(154,288)
(Deficit) on revaluation of freehold land and buildings		<u>(197,960)</u>	<u>-</u>
		(269,857)	<u>(154,288)</u>
TOTAL RECOGNISED (DEFICIT)/SURPLUS FOR THE YEAR		(91,884)	243,573
Accumulated Fund at 1 April 2001		3,937,196	3,693,623
ACCUMULATED FUND AT 31 MARCH 2002		<u>3,845,312</u>	<u>3,937,196</u>

The notes on pages 5 to 7 form part of these financial statements

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

COMBINED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2002

1 ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

On 1 April 2002 the Council for Professions Supplementary to Medicine was replaced by the Health Professions Council, which is governed by the Health Professions Order 2001. Under the terms of the Order all the assets, liabilities and staff of the Council for Professions Supplementary to Medicine were transferred to the Health Professions Council whose obligations and responsibilities are similar to the Council for Professions Supplementary to Medicine and are legally bound to meet all the existing financial liabilities of the former body. On that basis the Council considers the preparation of these financial statements on the going concern basis to be appropriate.

b) Depreciation

Depreciation is provided to write of the cost or valuation, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 2% per annum
Office Furniture and Equipment	- 25% per annum
Motor Vehicles	- 20% per annum
Computer Equipment	- 25% per annum

c) Fee Income

Fee income, comprising registration fees and retention fees, is credited on a cash received basis in respect of fees received by the balance sheet date.

d) Investment Income

Bank deposit interest is credited on a received basis. Dividends and interest on fixed interest securities are recognised when due.

e) Investments

Investments are listed on a recognised stock exchange and are at market value. Historic cost at 31 March 2002: £2,088,322 (2001: £2,091,001).

f) Computer Software

Computer software is not capitalised and is charged to the Income and Expenditure Account in the year of acquisition.

**THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE
COMBINED FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 MARCH 2002

	2002	2001
	£	£
2 SURPLUS OF INCOME OVER EXPENDITURE		
This is stated after charging:		
Depreciation	105,418	65,546
Auditors' remuneration	8,588	7,250
- audit fees		
- other fees	8,021	9,864
	110,531	144,029
3 INVESTMENT INCOME		
Bank deposit interest	34,818	68,438
Fixed interest securities	26,849	14,500
Quoted UK equities	48,864	61,091
	110,531	144,029
4 STAFF COSTS		
Wages and salaries	1,256,283	982,478
Social security costs	99,811	84,670
Pension costs	150,057	106,173
	1,506,151	1,173,321

The average weekly number of employees was 47 (2001: 38).

Council Members' Remuneration

Council members do not receive any remuneration for their services.

5 PENSION FUNDING ARRANGEMENTS

The Council has pension obligations to both present and former staff. This is met by the operation of the Council for Professions Supplementary to Medicine Retirement Benefits Scheme ("The Scheme") and the contributions to Flexiplan 1 Scheme operated by Federated Pension Services ("Flexiplan").

The Scheme is a contributory defined benefit scheme and its benefits are secured by insurance policies issued by The Scottish Life Assurance Society. The last actuarial valuation as at 23 April 2001, showed that the assets of the fund were sufficient to meet the future requirements of the Scheme. The Scheme was closed in June 1995 and has no active members. On 28 March 2002 all members of the Scheme were served with a statutory notice of closure.

Flexiplan is a money purchase scheme which is contracted in to the state pension scheme and its funds are invested in a range of gilts and equity shares by designated fund managers. The last actuarial valuation of the fund carried out at 31 March 2000 stated that the current overall contribution rates are appropriate to provide the target benefits.

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

COMBINED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 MARCH 2002

6 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Office Furniture and Equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost or valuation					
At 1 April 2001	970,982	42,535	29,547	400,232	1,443,296
Additions	575,186	52,832	-	179,403	807,421
Revaluation	(246,168)	-	-	-	(246,168)
Disposals	-	-	(29,547)	-	(29,547)
At 31 March 2002	1,300,000	95,367	-	579,635	1,975,002
Depreciation					
At 1 April 2001	39,954	29,404	1,570	289,825	360,753
Disposals	-	-	(6,987)	-	(6,987)
Revaluation	(48,208)	-	-	-	(48,208)
Charge for the year	16,921	15,593	5,417	67,487	105,418
At 31 March 2002	8,667	44,997	-	357,312	410,976
Net book value					
At 31 March 2002	<u>1,291,333</u>	<u>50,370</u>	<u>-</u>	<u>222,323</u>	<u>1,564,026</u>
<i>Net book value</i>					
At 31 March 2001	<u>931,028</u>	<u>13,131</u>	<u>27,977</u>	<u>110,407</u>	<u>1,082,543</u>

The freehold property at Park House, 184 Kennington Park Road, London, SE11 4BU and also comprising 20 Stannary Street was valued at 5 December 2001 on the basis of Existing Use Value as defined by the Royal Institution of Chartered Surveyors, Appraisal and Valuation Manual, at the sum of £1,300,000. The valuation was prepared by Drivers Jonas, Chartered Surveyors, of Suffolk Street, London who acted as independent valuers.

The historic cost of the property was £1,659,254 (2001: £1,084,068) and accumulated depreciation based on cost was £179,338 (2001: £146,153).

	2002 £	2001 £
7 DEBTORS AND PREPAYMENTS		
Other debtors	10,729	12,660
Prepayments	47,429	73,982
	<u>58,158</u>	<u>86,642</u>
8 CREDITORS		
Other creditors	79,775	164,414
Other taxes and social security	103,131	22,993
Accruals	366,953	45,868
	<u>549,859</u>	<u>233,275</u>
9 CAPITAL COMMITMENTS		
Amounts contracted for	-	534,500

FINAL DRAFT

**THE COUNCIL FOR
PROFESSIONS SUPPLEMENTARY TO MEDICINE**

YEAR ENDED 31 MARCH 2002

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

COUNCIL MEMBERS AND THEIR ADVISORS

YEAR ENDED 31 MARCH 2002

The Council ceased to operate on 31 March 2002 with all Council Members resigning on that date. During the year the members and advisors were as follows:

COUNCIL MEMBERS

Prof B Edwards CBE - Chairman
Mrs S Cosgrave - Vice Chairman
Mrs E C Allen
Mr A R Ariori
Dr E Bingham
Ms F Blunden – appointed 1 July 2001
Dr D A Coia
Miss M C H Curr – appointed 26 April 2001
Dr J W Davie
Dr R H Davies
Miss H Davis
Mr M Downing
Prof T Duckworth
Dr R W Edmonds
Prof J Harper
Mrs S Kinsey
Dr S Kumar – appointed 1 May 2001
Prof J S Lilleyman
Miss M D McKellar
Lady B M McLaughlin CBE – resigned 31 August 2001
Dr G C Markham
Dr J Old
Mr J C Peacock
Dr B Pentland
Mr V P Robinson
Ms S J Sayer – resigned 30 April 2001
Ms M P Smith
Mrs J Stark
Mr R S Thomas – appointed 1 October 2001
Dame Mary Uprichard – retired 31 May 2001
Prof D E Waller
Prof C D Ward
Mrs B Waters
Prof M Watkins – appointed 1 June 2001
Miss M W Watson OBE – retired 30 June 2001
Mr K Wenman
Mr D K Wilson
Mr A E Yates
Mr A Yule OBE

REGISTRAR

Mr M D Hall OBE

AUDITORS

Messrs Horwath Clark Whitehill
Chartered Accountants
25 New Street Square
London
EC4A 3LN

BANKERS

National Westminster Bank PLC
Walworth Road Branch
290 Walworth Road
London
SE17 3RQ

SOLICITORS

Messrs Kingsley Napley
Knight's Quarter
14 St John's Lane
London
EC1N 4AJ

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE
STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2002

The purpose of this statement is to distinguish the Council's responsibilities for the financial statements from those of the auditors as stated in their report.

The Professions Supplementary to Medicine Act 1960 requires the Council to prepare financial statements for each financial year which give a true and fair view of the Council's state of affairs at the end of the year and of its surplus or deficit for that period. In preparing those financial statements the Council is expected to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Council will continue in business.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council and to enable it to ensure that the financial statements comply with the provision of the Professions Supplementary to Medicine Act 1960.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE COUNCIL FOR PROFESSIONS
SUPPLEMENTARY TO MEDICINE**

We have audited the financial statements of the Council for Professions Supplementary to Medicine for the year ended 31 March 2002 set out on pages 4 to 8.

These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective Responsibilities of Council and Auditors

As described in the Statement of the Council's Responsibilities, the Council is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Professions Supplementary to Medicine Act 1960. We also report to you if, in our opinion, the Council has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 Council's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from any 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 of the state of the Council's affairs at 31 March 2002 and of its deficit for the year then ended and have been properly prepared in accordance with the Professions Supplementary to medicine Act 1960.

HORWATH CLARK WHITEHILL
Chartered Accountants and Registered Auditors

5 New Street Square
London EC4A 3LN

13 June 2002

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE
BALANCE SHEET
AS AT 31 MARCH 2002

	Notes	2002	2001
		£	£
FIXED ASSETS			
Tangible fixed assets	6	1,564,026	1,082,543
Investments	1(e)	<u>2,146,012</u>	<u>2,156,544</u>
		3,710,038	3,239,087
CURRENT ASSETS			
Debtors and prepayments	7	58,158	86,642
Cash at bank and in hand		<u>1,318,986</u>	<u>1,450,296</u>
		1,377,144	1,536,938
CREDITORS: amounts falling due within one year			
Registration fees in advance		21,301	60,123
Retention fees in advance		670,710	545,431
Creditors and accrued expenses	8	<u>549,859</u>	<u>233,275</u>
		1,241,870	838,829
NET CURRENT ASSETS		<u>135,274</u>	<u>698,109</u>
NET ASSETS		<u><u>3,845,312</u></u>	<u><u>3,937,196</u></u>
Represented by:			
ACCUMULATED FUND		<u><u>3,845,312</u></u>	<u><u>3,937,196</u></u>

Approved by the Council on 13 June 2002
and signed on its behalf:

Professor Norma Brook, President, Health Professions Council

Marc J Seale, Chief Executive and Registrar, Health Professions Council

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

INCOME AND EXPENDITURE ACCOUNT

31 MARCH 2002

	Notes	2002	2001
		£	£
INCOME			
Registration fees	1(c)	180,150	419,335
Retention fees	1(c)	2,866,417	2,096,724
Restoration fees		89,726	48,029
Pre-Registration fees		572,160	301,329
Sale of registers		1,265	7,175
Investment income	3	110,531	144,029
(Deficit)/surplus on disposal of investments		<u>(49,729)</u>	<u>55,056</u>
TOTAL INCOME		<u>3,770,520</u>	<u>3,071,677</u>
EXPENDITURE			
Staff costs	4	1,240,827	930,259
Travelling and subsistence		199,273	197,837
Visits of inspection		50,092	46,299
Examination fees and expenses		60,195	54,110
Joint validation costs		29,975	16,609
Other administration expenses		1,556,023	1,067,948
Deficit/(surplus) on disposal of fixed assets		4,832	(6,095)
Depreciation		<u>105,418</u>	<u>65,546</u>
		3,246,635	<u>2,372,513</u>
PAYMENTS TO CHARITABLE TRUST			
Deed of covenant		120,000	149,500
Reimbursement of expenses		<u>225,912</u>	<u>151,803</u>
		345,912	<u>301,303</u>
TOTAL EXPENDITURE		<u>3,592,547</u>	<u>2,673,816</u>
SURPLUS OF INCOME OVER EXPENDITURE			
	2	177,973	<u>397,861</u>
OTHER RECOGNISED GAINS AND LOSSES			
Change in market value of investments		(71,897)	(154,288)
(Deficit) on revaluation of freehold land and buildings		<u>(197,960)</u>	<u>-</u>
		(269,857)	<u>(154,288)</u>
TOTAL RECOGNISED (DEFICIT)/SURPLUS FOR THE YEAR		(91,884)	243,573
Accumulated Fund at 1 April 2001		<u>3,937,196</u>	<u>3,693,623</u>
ACCUMULATED FUND AT 31 MARCH 2002		<u>3,845,312</u>	<u>3,937,196</u>

The notes on pages 6 to 8 form part of these financial statements

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

COMBINED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2002

1 ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

On 1 April 2002 the Council for Professions Supplementary to Medicine was replaced by the Health Professions Council, which is governed by the Health Professions Order 2001. Under the terms of the Order all the assets, liabilities and staff of the Council for Professions Supplementary to Medicine were transferred to the Health Professions Council whose obligations and responsibilities are similar to the Council for Professions Supplementary to Medicine and are legally bound to meet all the existing financial liabilities of the former body. On that basis the Council considers the preparation of these financial statements on the going concern basis to be appropriate.

b) Depreciation

Depreciation is provided to write of the cost or valuation, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 2% per annum
Office Furniture and Equipment	- 25% per annum
Motor Vehicles	- 20% per annum
Computer Equipment	- 25% per annum

c) Fee Income

Fee income, comprising registration fees and retention fees, is credited on a cash received basis in respect of fees received by the balance sheet date.

d) Investment Income

Bank deposit interest is credited on a received basis. Dividends and interest on fixed interest securities are recognised when due.

e) Investments

Investments are listed on a recognised stock exchange and are at market value. Historic cost at 31 March 2002: £2,088,322 (2001: £2,091,001).

f) Computer Software

Computer software is not capitalised and is charged to the Income and Expenditure Account in the year of acquisition.

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 MARCH 2002

	2002	2001
	£	£
2 SURPLUS OF INCOME OVER EXPENDITURE		
This is stated after charging:		
Depreciation	105,418	65,546
Auditors' remuneration		
- audit fees	8,588	7,250
- other fees	8,021	9,864
	<u>110,531</u>	<u>144,029</u>
3 INVESTMENT INCOME		
Bank deposit interest	34,818	68,438
Fixed interest securities	26,849	14,500
Quoted UK equities	48,864	61,091
	<u>110,531</u>	<u>144,029</u>
4 STAFF COSTS		
Wages and salaries	1,042,092	787,112
Social security costs	78,223	64,792
Pension costs	120,512	78,355
	<u>1,240,827</u>	<u>930,259</u>

The average weekly number of employees was 35 (2001: 28).

Council Members' Remuneration

Council members do not receive any remuneration for their services.

5 PENSION FUNDING ARRANGEMENTS

The Council has pension obligations to both present and former staff. This is met by the operation of the Council for Professions Supplementary to Medicine Retirement Benefits Scheme ("The Scheme") and the contributions to Flexiplan 1 Scheme operated by Federated Pension Services ("Flexiplan").

The Scheme is a contributory defined benefit scheme and its benefits are secured by insurance policies issued by The Scottish Life Assurance Society. The last actuarial valuation as at 23 April 2001, showed that the assets of the fund were sufficient to meet the future requirements of the Scheme. The Scheme was closed in June 1995 and has no active members. On 28 March 2002 all members of the Scheme were served with a statutory notice of closure.

Flexiplan is a money purchase scheme which is contracted in to the state pension scheme and its funds are invested in a range of gilts and equity shares by designated fund managers. The last actuarial valuation of the fund carried out at 31 March 2000 stated that the current overall contribution rates are appropriate to provide the target benefits.

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 MARCH 2002

6 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Office Furniture and Equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost or valuation					
At 1 April 2001	970,982	42,535	29,547	400,232	1,443,296
Additions	575,186	52,832	-	179,403	807,421
Revaluation	(246,168)	-	-	-	(246,168)
Disposals	-	-	(29,547)	-	(29,547)
At 31 March 2002	1,300,000	95,367	-	579,635	1,975,002
Depreciation					
At 1 April 2001	39,954	29,404	1,570	289,825	360,753
Disposals	-	-	(6,987)	-	(6,987)
Revaluation	(48,208)	-	-	-	(48,208)
Charge for the year	16,921	15,593	5,417	67,487	105,418
At 31 March 2002	8,667	44,997	-	357,312	410,976
Net book value					
At 31 March 2002	1,291,333	50,370	-	222,323	1,564,026
<i>Net book value</i>					
<i>At 31 March 2001</i>	<i>931,028</i>	<i>13,131</i>	<i>27,977</i>	<i>110,407</i>	<i>1,082,543</i>

The freehold property at Park House, 184 Kennington Park Road, London, SE11 4BU and also comprising 20 Stannary Street was valued at 5 December 2001 on the basis of Existing Use Value as defined by the Royal Institution of Chartered Surveyors, Appraisal and Valuation Manual, at the sum of £1,300,000. The valuation was prepared by Drivers Jonas, Chartered Surveyors, of Suffolk Street, London who acted as independent valuers.

The historic cost of the property was £1,659,254 (2001: £1,084,068) and accumulated depreciation based on cost was £179,338 (2001: 146,153).

	2002 £	2001 £
7 DEBTORS AND PREPAYMENTS		
Other debtors	10,729	12,660
Prepayments	47,429	73,982
	58,158	86,642
8 CREDITORS		
Other creditors	79,775	164,414
Other taxes and social security	103,131	22,993
Accruals	366,953	45,868
	549,859	233,275
9 CAPITAL COMMITMENTS		
Amounts contracted for	-	534,500

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 MARCH 2002

For the information of Council Members only

	2002	2001
	£	£
OTHER ADMINISTRATION EXPENSES		
Printing and stationery	296,784	215,073
Computer operating costs	160,221	146,768
Postage	198,250	182,203
Staff recruitment and training costs	48,510	44,925
Office cleaning	22,534	17,063
Rates and insurance	19,397	15,049
Electricity and gas	9,677	8,032
Telephone	24,825	17,340
Repairs and renewals	130,113	18,264
Legal fees	328,377	224,358
Audit and accountancy fees	16,609	17,267
Other professional fees	233,575	102,143
Bank charges	23,386	20,675
Miscellaneous expenses	30,533	26,924
Public relations	4,558	6,060
Other financial charges	-	147
Interview expenses	8,674	5,657
	<u>1,556,023</u>	<u>1,067,948</u>

	£	<i>From December 2000</i> £	<i>Until December 2000</i> £
Registration fees (full year)	22	22	17
Registration fees (half year)	17	17	12
Retention fees	22	22	17
Restoration to register (disciplinary reason)	22	22	17
Restoration to register	22	22	17
Private practice address in register (for each address)	4	4	4

PKHB/CPSMLetRep310302
13 June 2002

Horwath Clark Whitehill
25 New Street Square
London
EC4A 3LN

Dear Sirs

COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE

We confirm to the best of our knowledge and belief, having discussed the matters referred to below with other Members of the Council, the following representations given to you in connection with your audit of the accounts of the Council for Professions Supplementary to Medicine for the year ended 31 March 2002.

1. We acknowledge as Council members our responsibility for the accounts. All accounting records have been made available to you for the purpose of your audit, and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and Council meetings, have been made available to you.
2. The amounts disclosed in the accounts as Council Members' remuneration are correctly stated and include all amounts received from the organisation or any other person. They include, where applicable, all fees, salaries, bonuses, benefits in kind and expense allowances chargeable to U.K. taxation, and payments to the pension scheme other than by Council Members in respect of their own contributions. There are no amounts of compensation for loss of office, emoluments waived for the year, or pensions receivable other than under a constituted scheme.
3. At no time during the year has any organisation had any arrangement, transaction or agreement to provide credit facilities for Council Members or persons connected with the Council Members or guaranteed or provided security for such matters. Further, at no time during the year has the organisation acquired or disposed of any assets, other than cash, from or to Council Members or persons connected with the Council Members or entered into any transaction or arrangement in which a Council Member had, directly or indirectly, a material interest.
4. We are not aware of any material transactions with related parties other than as disclosed in the accounts.
5. At the balance sheet date there were no material contingent liabilities, and no litigation in process, pending or threatened, other than as disclosed or provided in the accounts.

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6. We are not aware of any non-compliance with laws or regulations which could materially affect the ability of the organisation to conduct its business or the information contained in the organisation's accounts.
7. No events have occurred subsequent to the balance sheet date which may have a material effect on the financial position of the organisation at that date, other than as disclosed in the accounts.
8. We will not be publishing the Councils' report, independent auditors' report or accounts electronically.

Yours faithfully,

Approved by the Council and
signed on its behalf by

Norma Brook
President

Marc Seale
Chief Executive and Registrar

Our Ref: MEH/AVE/C2202

XX May 2002

The Finance and Resources Committee
The Health Professions Council
Park House
184 Kennington Park Road
London
SE11 4BU

FINAL DRAFT

Dear Sirs

THE COUNCIL FOR PROFESSIONS SUPPLEMENTARY TO MEDICINE (CPSM)

We have completed our audit visit for the Council for the year ended 31 March 2002 during which we examined certain aspects of the council's internal controls and accounting systems. Our examination is designed for the purpose of forming our audit opinion on the council's statutory accounts, and consequently may not identify all the control weaknesses that may exist.

In the course of our audit work a number of matters arose regarding procedures and controls, your attention to which could lead to improvement in the system. These are detailed in Appendix I together with management responses.

This report has been prepared for the private use of The Council for Professions Supplementary to Medicine. Its contents should not be disclosed to third parties without our written consent. No responsibility can be assumed by us to any other person.

We would like to take this opportunity to thank your staff for the assistance they gave us during the course of our audit.

Yours faithfully

1. Procedures Manual

As reported in our letter dated 14 June 2001 the Council does not have a procedures manual.

The disadvantages of not having such a document in place was highlighted in 2001 with the departure of the Accountant and Assistant Accountant on the same date. The replacement personnel, without the benefit of a handover or a procedures manual failed to carry out a number of regular procedures, such as monthly reconciliation of the creditors control account. This resulted in the need to carry out a lot of additional detailed work to produce last year's financial statements.

To avoid this situation arising in future, we again recommend that for all key departments and roles a manual is produced detailing the daily, weekly, monthly, quarterly and annual tasks that should be carried out together with a detailed description of how to perform these tasks.

Client Comment

The high workload for the staff that replaced those leaving during last year and the impending transfer of operations from CPSM to the Health Professions Council (HPC) resulted in a decision to defer the production of such a manual until 2002/3. Work on this will be completed during the coming months.

2. Control Account Reconciliations

We are pleased to report that subsequent to last year's audit, control accounts are regularly reconciled. However there is no evidence that these reconciliations are independently reviewed. This review process is an important part of this control in ensuring that the reconciliations have been correctly performed and more importantly that the reviewer is satisfied that errors identified have been adjusted and long outstanding reconciling items are valid.

We recommend that a formal system of review is implemented.

Client Comment

It is intended that all reconciliations prepared by Finance staff are produced in paper format, reviewed by the Director of Finance, evidenced as such and filed for audit.

3. Purchases Authorisation

There is no formal documentation or evidence of authorisation when goods and services are bought on behalf of the Council. This could lead to unauthorised purchases being made or excessive prices being paid for such goods and services.

We suggest that a purchase requisition system is implemented where a form is completed and authorised by a suitable member of staff prior to such purchases being made.

Client Comment

A purchase requisition system is in the course of development and implementation.