

**PATHOLOGICAL SOCIETY OF GREAT BRITAIN
AND IRELAND**

FINANCIAL STATEMENTS

31 DECEMBER 2008

Charity Number 214702

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

CONTENTS	PAGES
Members of the Board and professional advisers	1 to 2
Trustees Annual Report	3 to 7
Independent auditor's report to the trustees	8
Statement of Financial Activities	9
Balance sheet	10
Notes to the financial statements	11 to 18

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

REGISTERED CHARITY NAME Pathological Society of Great Britain and Ireland

CHARITY NUMBER 214702

PRINCIPAL OFFICE 2 Carlton House Terrace,
London, SW1Y 5AF

OFFICERS

President	DA Levison
General Secretary (started Jan 2008)	CS Herrington
Treasurer	AD Burt
Meetings Secretary	IO Ellis

SUB-COMMITTEE CHAIRS

Research Sub-committee (elected July 2008)	MJ Arends
Education & Training Sub-committee (elected July 2008)	EW Benbow

ELECTED COMMITTEE MEMBERS

RJ Byers
JWM Chow (retired July 2008)
SS Cross (retired July 2008)
S Deen (retired July 2008)
AM Flanagan (retired July 2008)
JJ Going (elected July 2008)
H Grabsch (retired July 2008)
PW Hamilton (retired July 2008)
AM Hanby (elected July 2008)
NR Lemoine
JE Martin
WG McCluggage
GA Meijer (elected July 2008)
JS Reis-Filho (elected July 2008)
RHW Simpson (elected July 2008)
A Shaaban
EJ Soilleux (elected July 2008)
AH Wyllie (President-elect, elected July 2008, commences office July 2009)

CO-OPTED COMMITTEE MEMBERS

G Callagy, Irish Republic Representative
P Domizio, Chair, Education & Training Sub-committee (retired July 2008)
P van der Valk, Dutch Pathological Society Representative

COMMITTEE ADVISORS (NON-TRUSTEE)

SS Cross, Editor, Diagnostic Histopathology (started July 2008)
M Deheragoda, Co-chair, Trainees' Sub-committee (retired Dec 2008)
S Fleming, Research Representative (retired Jan 2009)
PA Hall, Editor-in-Chief, Journal of Pathology (from Jan 2008)
J Lowe, Webmaster (retired July 2008)
I Proctor, Chair-elect, Trainees' Sub-committee (elected by Concessionary members July 2008, commences office Jan 2009)
KE Robertson, Co-chair, Trainees' Sub-committee (retired July 2008)
NA Shepherd, BDIAP Representative
S Armstrong, Lay Representative (Started July 2008)

ADMINISTRATOR Miss RA Pitts

DEPUTY ADMINISTRATOR Miss J Johnstone

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS (*continued*)

AUDITORS

Menzies
3rd Floor, Kings House
12-42 Wood Street
Kingston-on-Thames
Surrey KT1 1TG

BANKERS

HSBC Bank Plc
32 Rodney Street
Liverpool L1 2TP

INVESTMENT FUND MANAGERS

Cazenove Fund Management Ltd
12 Moorgate
London EC2R 6DA

SOLICITORS

Russell Cooke
2 Putney Hill
London SW15 6AB

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2008

The trustees present their report and the financial statements of the charity for the year ended 31 December 2008.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on pages 1 to 2 of the financial statements.

THE TRUSTEES

The trustees who served the company during the period were as follows:

MJ Arends
EW Benbow
AD Burt
RJ Byers
G Callagy
JWM Chow
SS Cross
S Deen
P Domizio
IO Ellis
AM Flanagan
JJ Going
H Grabsch
PW Hamilton
AM Hanby
CS Herrington
NR Lemoine
DA Levison
JE Martin
WG McCluggage
GA Meijer
JS Reis-Filho
RHW Simpson
A Shaaban
EJ Soilleux
AH Wyllie
P van der Valk

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Pathological Society of Great Britain and Ireland is a Registered Charity, Registered number 214702, and is governed by its Constitution and Rules. Established in 1906, the Society is constituted in the form of an unincorporated association. It is a learned society whose mission is to promote any activity that furthers the understanding of disease. It encompasses a broad church ranging from those engaged in diagnostic pathology through to basic scientists, and its remit encompasses educational as well as research activities. There are no geographical restrictions on membership. Any graduate in medicine or science who has an interest in pathologic basis of disease is eligible to be a Member.

The Society has nearly 1400 members who are mainly located in the British Isles but it has members on all continents. Most members, but by no means all, are clinically qualified pathologists engaged in clinical practice but all have an interest in academic aspects of pathology ranging from clinical research, to translational activities and/or basic science.

To foster our international reach the Society has interactions with other European pathology groups and organisations and formal collaborative links with both China and Japan in the form of grants that support collaborative research projects and reciprocal invitations to attend each other's scientific meetings. It is the intention of the Society to foster other international partnerships. It has recently supported educational and other programmes in Africa (Malawi & Nigeria) and regards the support of pathology (both clinical and academic) in the developing world as an important part of its mission.

The Business of the Society is conducted by a Committee consisting of the Officers, Sub-committee Chairs and twelve ordinary members. The Committee has the power to co-opt members of the Society. Each year four ordinary members of the Committee, senior in order of election, retire from office and are not eligible for re-election until a year has elapsed from their ceasing to hold office. For the purposes of Charity Law, all the members of the Committee are the Trustees of the Society. The Editor in Chief of the Society's journal, the Editor of associated Journal, the Chair of the Trainees' Sub-committee and the Lay Representative act as advisors to the Committee but are not Trustees.

The elected President, President-Elect, General Secretary, Treasurer and Meetings Secretary are responsible for the assets of the Society and are termed Trustees by the Rules. These Trustees are Custodian Trustees, as well as ordinary Trustees, and are entitled to any indemnity from the Society and its members in respect of any obligations which the Trustees may lawfully enter into for the Society.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

The Society's activities are organised and co-ordinated from a Central Office with two full-time members of staff.

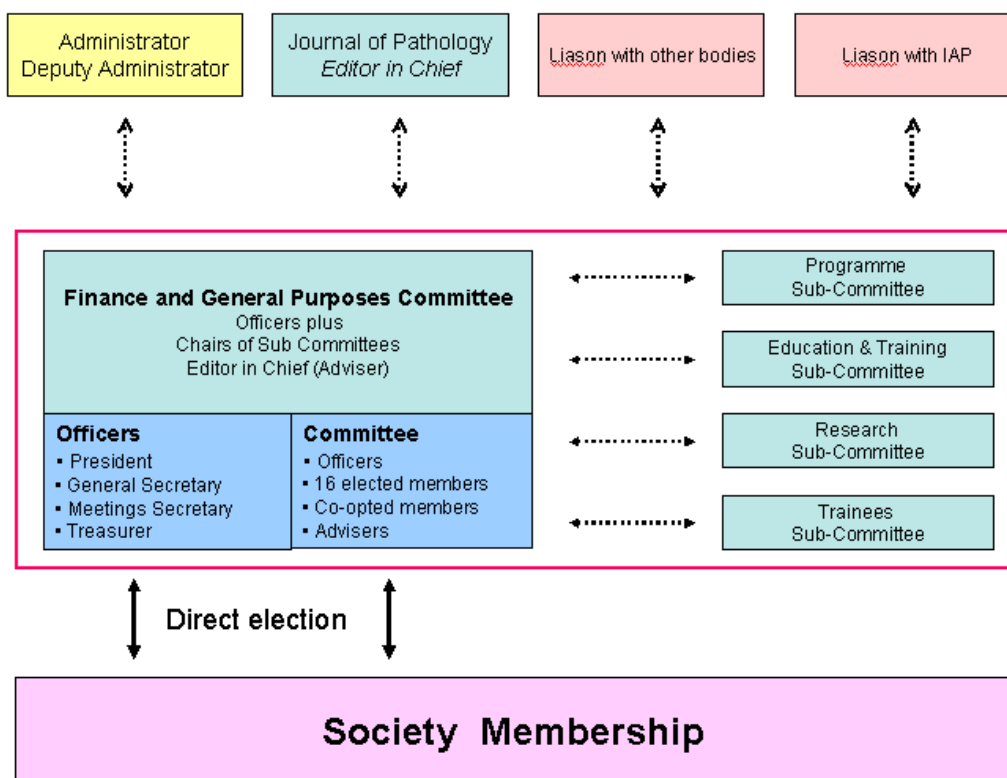
The Committee meet twice annually, normally immediately prior to the Winter and Summer Scientific Meetings. This is the formal meeting of all Trustees at which they agree the broad strategy and area of activity for the Trust, including consideration of grant awarding, investment strategy and risk management.

The Society established several sub-committees to administer a number of the activities of the Society; these are as follows - Financial & General Purposes Sub-committee, Research Sub-committee (chaired by Dr MJ Arends), Education & Training Sub-committee (chaired by Dr EW Benbow), Trainees' Sub-committee (chaired by Drs KE Robertson & M Deheragoda), Programme Sub-committee (chaired by Professor I Ellis). The Finance & General Purposes Sub-committee is chaired by the Treasurer (Professor AD Burt). The Research Sub-committee is responsible for assessing grant and fellowship proposals taking into account, where appropriate, external advice through a peer review process. The Education & Training Sub-committee advises on the allocation of funds for intercalated degree programmes and elective bursaries. The Trainees' Sub-committee has been established in order to encourage a greater involvement of pathologists in training and to represent their views to the Committee of the Society. The Programme Sub-committee approves programme content and the Society's scientific meetings strategy.

The Finance and General Purposes Sub-committee meets quarterly and considers current financial status and strategy and is informed by regular contact between the Treasurer and the investment advisors, Cazenove. (The investment portfolio was subject to a tendering process in November 2006 and following this competitive exercise, Cazenove was retained as investment advisors for a period of three years).

The Trustees have assessed the risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks. The principal areas of risk are significant down-turn in income from investments and a reduction in income from publishing Journal of Pathology as a consequence of the effects of open access publishing in the scientific sector. The Society has recently negotiated a significant increase in the profit share on the Journal of Pathology which will help mitigate this risk. The assessment is reviewed annually.

Detailed Administrative Information has been provided on Page 2.



PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

TRUSTEES ANNUAL REPORT (*continued*)

YEAR ENDED 31 DECEMBER 2008

OBJECTIVES AND ACTIVITIES

The Society provides a forum for the presentation of new scientific and medical research findings with the aim of improving knowledge and understanding of human disease. As stated in the constitution; "The objectives of the Society shall be to advance pathology and facilitate communications between pathologists". This is reflected in the strap line adopted by the Society in 2005 to describe its purpose: 'Understanding disease'.

The Society conforms to its stated objectives by the publication of its Journal, the Journal of Pathology, by the organisation of Meetings of the Society, and by support of other scientific meetings and of a variety of educational and research schemes (see below). It is also committed to enhancing the understanding of medical science by the general public and to this end run regular Public Lectures; the most recent was given at the Summer scientific meeting in Leeds in July 2008 by Prof Hugh Pennington, Specialist in hospital acquired infections 'MRSA/Hospital Acquired Infections'. Five further Public Lectures were also delivered in centres around the country to coincide with the First National Royal College of Pathologists Pathology Week. The Society also sponsored the publication of a book aimed at lay audiences: 'A Matter of Life and Death' written by Sue Armstrong and published by Dundee University Press. The Society is continuing to explore additional means of informing the public about research into human disease and the practice of pathology; it is envisaged that some of this would be done in association with other learned societies.

The Society runs two major scientific meetings per year. These meetings are open to the entire medical and scientific community and not restricted to Society members. Both Winter and Summer meetings include sessions dedicated to those in training. There is an agreement in principle that the Summer meeting will be run jointly with the British Division of the International Academy of Pathology every second year; other specialist societies are increasingly involved and this has led to the establishment of a "Pathology Week" involving the major UK cellular pathology societies. In summer 2009, the joint meeting will be held in Cardiff. The attendance at joint summer meetings now averages approximately 500 registrants.

The Society underwrites all these meetings in order to maintain Registration fees at modest level.

Additionally, the Society sponsors pathologically-related meetings by smaller bodies or other societies; several national and international meetings have now had named Pathological Society Lectures.

The Society is putting considerable effort into ensuring that it communicates effectively with its members and with the broader scientific community. A Society newsletter is now published twice a year and the website of the Society has been substantially improved and there is increased use of an email base to correspond with the membership. The Journal of Pathology is currently second top ranking international peer reviewed journal in its field.

Our other core strategy is the provision of a wide range of competitive grants and awards which form a portfolio of schemes to support our mission. All are open to Society members and several are open to non-members (e.g. Fellowship programme). These are advertised through our Newsletter, our website, our journal and where appropriate other routes. The level of support has grown in line with our finances. However in our Centenary Year (2006) we committed £1,000,000 of our reserves (spread over 4-5 years) to additional schemes (above and beyond those listed below). In particular we funded three Centenary Clinical Research Fellowships which (on a competitive basis as with all our other schemes) support a trainee pathologist (pathology resident) to spend 3 years undertaking full time research towards a PhD. The support included salary, fees and contributions to laboratory costs.

Our current schemes include:

PhD Studentship Awards

This competitive scheme began in 1995 and supported a single new PhD student every year (stipend, fees and modest consumables) and are awarded on a competitive basis. In our Centenary year (2006) we awarded three Studentships. This returned to a single award in 2007.

Small Grants Scheme (formerly the Pilot Study Grant Scheme)

These awards are designed to support laboratory expenses for the young investigators and pathology trainees to generate pilot data to support subsequent applications to major funding agencies. They have now been raised up to £10,000.

Fellowship Awards

In 1987 the Society established Fellowships for members of the medical and allied scientific professions working in pathologically-related bio-medical research to enable travel to other institutions to learn new techniques of value in their research. Applicants need not be Society members. Fellowships are available for a period of study of up to twelve months. Preference is given to applicants wishing to learn new techniques in the fields of molecular and cell biology. A maximum sum of £5,000 is allocated to any one person. Our current annual allocation to this scheme is £20,000.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

TRUSTEES ANNUAL REPORT (*continued*)

YEAR ENDED 31 DECEMBER 2008

Sino European Collaborative Award

This is a new programme designed to foster collaborations between pathologists and scientists in Europe with Chinese colleagues. The first 3 awards were made in Spring 2007. Our planned current annual expenditure is £5,000 but because of the quality of this year's awards we committed an additional £10,000 in that year.

Japanese European Collaborative Award

This is also a new programme designed to foster collaborations between pathologists and scientists in Europe with Japanese colleagues. This is a competitive award of £5,000 to support travel and other expenses. This is the first year of a three year programme. Our planned current annual expenditure is £5,000.

Travel Awards

These were introduced in 2004 to promote scientific communications at major international meetings. Applicants whose work has been selected for presentation are favoured. Our current annual allocation to this scheme is £2,500.

Pathological Society Meetings Bursary

A number of bursaries will be made available to cover the cost of registration fees for Society members who are post-graduate students (PhD, MD or MSc) and wish to present their research at Society meetings. An applicant whose work is/has been selected for presentation in a plenary session will be favoured.

Educational grants

This is a new award (from late 2007) and is designed to provide support to Academic staff for projects in relation to medical and scientific education (undergraduate and post graduate) that foster the general area of understanding disease. We have made a commitment of £10,000 per annum for this new scheme.

Open Scheme

In addition to the above we have an Open Scheme (budget reduced to £30,000 per annum from 2008) designed to be a source of funds (of up to £10,000) for other activities not covered by the above schemes but that will foster our mission. This Scheme has been used in many ways including to foster the public understanding of pathology.

We also run schemes for undergraduates (who need not be Society members) including:

Intercalated degree support

These awards provide fees and stipend support for able medical students to Intercalate a years Science training and study for a BSc or MSc degree. We support 6 such awards per annum. Our current annual allocation to this scheme is £34,500 which includes up to £2,000 in consumables for each recipient.

Vacation and Elective Bursaries for undergraduate students

We will support any undergraduate medical student to the tune of £150 per week for up to 8 weeks to undertake a project on any topic that bears on the issue of 'understanding disease' during elective or vacation periods. Our current annual allocation to this scheme is £30,000.

Undergraduate Prize Essay

We make an award of £500 every year for the best essay written by an undergraduate on a pathologically orientated title. Winning entries can be seen on our website.

All schemes are competitive and we have clear guidelines for the each award. They are advertised in our Newsletter and on our website. They are awarded by the Society Committee and/or after consideration by the various Sub Committees.

We make several Awards every year for Academic and other achievements. These include the Oakley Lecture for achievements by a young researcher, the Goudie Lecture and Medal for substantial contributions to research, and the Doniach Lecture and Award as a 'life time' achievement award.

We promote the discipline among trainees (and this includes PhD students) by a hugely discounted membership fee (£10) which includes all benefits as well as electronic access to the Journal of Pathology and other substantial subsidies (eg. registration fees etc) which was extended in 2008 to include complimentary subscription to Diagnostic Histopathology (formerly Current Diagnostic Pathology). On occasions we provide Society members with other benefits which include the TNM Manual (in 2006) and in 2008 the TNM Atlas.

To ensure the future success of the Society, it has modified its subscription structures to encourage recruitment and greater involvement of more junior pathologists. In addition, as noted above, a new Trainees' Sub-committee has been developed which will advise the Officers and Trustees of the needs of those in training, in relation to activities of the Society. These changes have already been reflected in a significant up-turn in membership numbers. We have recently started Summer and Winter Schools for pathology trainees (and other interested parties) to train participants in advanced diagnostic and research skills.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

FINANCIAL REVIEW

The financial statements of the Society comprise the Statement of Financial Activities, Balance Sheet and related notes. The Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" is followed in order to comply with the current legislation in connection with Registered Charities.

Incoming resources have increased for the year under review to £747,579 (2007: £738,193) primarily due to an increase in surplus from the Journal of Pathology.

Overall, resources expended have exceeded incoming resources by £110,341 (2007: incoming resources have exceeded resources expended by £137,308) and, after taking into account realised and unrealised investment gains and losses, fund balances have decreased by £1,178,723 (2007: increased by £141,963).

The funds available to the Society are principally represented by the Investment portfolio held by the investment fund managers and consist of a variety of quoted investments and government stock.

RESPONSIBILITIES OF THE TRUSTEES

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the trustees

.....

Alastair D Burt
Treasurer

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Pathological Society of Great Britain and Ireland for the year ended 31 December 2008 on pages 9 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 11.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITOR

The responsibilities of the trustees for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Trustees on page 7.

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, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 December 2008 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 Charities Act 1993.

Kings House
12 - 42 Wood Street
Kingston upon Thames
Surrey
KT1 1TG

MENZIES LLP
Chartered Accountants
& Registered Auditors

.....

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2008

	Note	Total Funds 2008 £	Total Funds 2007 £
INCOMING RESOURCES			
Incoming resources from generating funds:			
Voluntary income	2	57,952	56,499
Activities for generating funds	3	408,576	399,435
Investment income	4	171,738	189,150
Other incoming resources	5	109,313	93,109
TOTAL INCOMING RESOURCES		747,579	738,193
RESOURCES EXPENDED			
Costs of generating funds:			
Investment management costs	6	–	(514)
Charitable activities	7/8	(849,070)	(591,971)
Governance costs	9	(8,850)	(8,400)
TOTAL RESOURCES EXPENDED		(857,920)	(600,885)
NET (OUTGOING)/INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES	12	(110,341)	137,308
OTHER RECOGNISED GAINS AND LOSSES			
Losses on investment assets		(10,054)	(86,510)
Unrealised gain/(losses) on investments		(1,058,328)	91,165
NET MOVEMENT IN FUNDS		(1,178,723)	141,963
RECONCILIATION OF FUNDS			
Total funds brought forward		6,574,202	6,432,239
TOTAL FUNDS CARRIED FORWARD		5,395,479	6,574,202

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 11 to 18 form part of these financial statements.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
FIXED ASSETS					
Tangible assets	14		283,366		299,830
Investments	15		4,606,779		5,731,659
			<u>4,890,145</u>		<u>6,031,489</u>
CURRENT ASSETS					
Debtors	16	498,116		458,865	
Cash at bank		118,177		133,238	
		<u>616,293</u>		<u>592,103</u>	
CREDITORS: Amounts falling due within one year	17	(110,959)		(49,390)	
NET CURRENT ASSETS			505,334		542,713
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,395,479</u>		<u>6,574,202</u>
NET ASSETS			<u>5,395,479</u>		<u>6,574,202</u>
FUNDS					
Unrestricted income funds	19		5,395,479		6,574,202
TOTAL FUNDS			<u>5,395,479</u>		<u>6,574,202</u>

These financial statements were approved by the members of the committee on the and are signed on their behalf by:

A D Burt

Treasurer

The notes on pages 11 to 18 form part of these financial statements.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Charities Act 1993.

Investments

Investments are valued at market value, with any unrealised gain or loss arising being dealt with in the statement of financial activities.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment	20% of cost
Fixtures and fittings	15% of written down values
Leasehold premises	Over the period of the lease

Pension scheme

The Society participates in the Superannuation Arrangements of the University of London (SAUL), which is a funded defined benefit scheme. As the Scheme is a multi employer Scheme it is treated as if it was a defined contribution Scheme in accordance with FRS17. The Scheme is contracted out of the Second State Pension. The Scheme is valued formally every three years by professionally qualified and independent actuaries using the Projected Unit Method. Reviews of the Scheme's position are carried out in the period between valuations.

Subscriptions

Members subscriptions are included in the year to which they relate.

Income tax

As a registered charity, the Society is exempted from taxation as afforded by Section 505 ICTA 1988. Taxation repayments are included in respect of dividends and interest securities credited in the year.

Journals

The receipts in respect of journals supplied by the Society are credited to the financial statements in the year to which they relate. The income from journals is the proportion due to the Society under the relevant agreements and is net of direct costs met by the publishers.

Dividends and interest on securities

Dividends and interest on securities are credited in the financial statements on a cash receivable basis.

Expenditure

Expenditure is charged to the statement of financial activities on an accruals basis, excluding recoverable VAT.

Resources expended and basis of allocation of costs

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Overhead and support costs relating to charitable activities have been apportioned as follows:

Grants and awards payable	14%
Support costs for meetings	77%
Journal of Pathology	9%

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs related to the statutory audit.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

2. VOLUNTARY INCOME

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Subscriptions	57,952	57,952	56,499

3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Income from journals	408,576	408,576	399,435

Details of the full income and costs of the Journal of Pathology are shown below. The Society received its proportion of the surplus according to an arrangement with the publishers.

	2008 £	2007 £
Income		
Subscriptions etc	823,140	757,077
Backfile revenue	30,916	82,624
	<u>854,056</u>	<u>839,701</u>
Direct Costs		
Production	68,642	62,116
Colour artwork recharged	(95,536)	(82,392)
Promotion	11,626	21,805
Distribution	19,258	18,341
Editorial expenses	2,503	3,630
Advocacy budget	8,338	-
	<u>14,831</u>	<u>23,500</u>
Gross profit	<u>839,225</u>	<u>816,201</u>
Overheads	<u>96,360</u>	<u>89,956</u>
Net profit	<u>742,865</u>	<u>726,245</u>
Due to Society (55%)	<u>408,576</u>	<u>399,435</u>
Society Expenses		
Cost of members copies	62,167	27,116
Editorial board meetings and expenses	2,955	4,750
Postage, stationery and sundry	1,218	4,537
	<u>66,214</u>	<u>36,403</u>
Allocation of support costs	19,892	14,532
	<u>86,106</u>	<u>50,935</u>
Net surplus due to the Society	<u>326,159</u>	<u>348,500</u>

4. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Income from UK listed investments	164,388	164,388	163,692
Bank interest receivable	7,350	7,350	25,458
	<u>171,738</u>	<u>171,738</u>	<u>189,150</u>

All of the investment income arises from investment assets in the UK.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

5. OTHER INCOMING RESOURCES

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Meetings income	108,491	108,491	92,713
Sponsorship	372	372	-
Sundry income	450	450	396
	<u>109,313</u>	<u>109,313</u>	<u>93,109</u>

6. INVESTMENT MANAGEMENT COSTS

	Total Funds 2008 £	Total Funds 2007 £
Investment management fees	-	514
	<u>-</u>	<u>514</u>

7. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Journal of Pathology	66,214	66,214	36,403
Grants and awards payable	391,869	391,869	317,976
Support costs for meetings	169,965	169,965	76,128
Support costs	221,022	221,022	161,464
	<u>849,070</u>	<u>849,070</u>	<u>591,971</u>

8. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total Funds 2008 £	Total Funds 2007 £
Journal of Pathology	66,214	19,892	86,106	50,935
Grants and awards payable	391,869	30,943	422,812	340,581
Support costs for meetings	169,965	170,187	340,152	200,455
	<u>628,048</u>	<u>221,022</u>	<u>849,070</u>	<u>591,971</u>

9. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Audit fees	8,850	8,850	8,400
	<u>8,850</u>	<u>8,850</u>	<u>8,400</u>

10. ANALYSIS OF SUPPORT COSTS

	Total 2008 £	Total 2007 £
Staff costs - payable to the Royal College of Pathologists	81,416	76,966
Services and insurance - payable to the Royal College of Pathologists	10,357	13,217
Telephone	2,185	1,680
Auditors remuneration - tax and other services	8,720	7,355
Meeting expenses	14,543	12,421
Repairs and Maintenance	10,813	7,477
Website costs	39,155	472
Bank charges	454	419
Advertising	536	336
Printing, postage and stationery	6,217	9,613
Professional fees	1,604	3,702
	<u>176,000</u>	<u>133,658</u>

Balance carried forward

176,000

133,658

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

10. ANALYSIS OF SUPPORT COSTS *(continued)*

	Total 2008	Total 2007
	£	£
Balance brought forward	176,000	133,658
Training courses	600	1,550
Depreciation	21,055	20,347
Other	6,450	3,639
Stock write down	–	827
Insurance	4,157	4,449
VAT partial exemption adjustment	11,614	(170)
Interest on late payment of VAT	–	(2,954)
Bad debts written off	1,146	118
	<u>221,022</u>	<u>161,464</u>

The Society's offices are occupied by an arrangement with the Royal College of Pathologists. The Society is recharged on a monthly basis for attributable costs for the joint employment contract, together with an agreed contribution to central costs arising, such as light and heat, by the college.

11. DIRECT CHARITABLE EXPENDITURE

	2008	2007
	£	£
Grants		
Intercalated Degrees	39,750	26,250
Fellowships	5,000	5,000
Bursaries	28,293	11,900
PhD Sponsorship	92,031	89,947
Small Grants Scheme (formerly Pilot Study Scheme)	23,626	15,693
Open Scheme	51,562	66,527
Travel Awards Scheme	500	163
Pathological Society Meeting Bursaries	50	120
Centenary Clinical Fellowships	150,057	101,376
Other prizes and awards	1,000	1,000
	<u>391,869</u>	<u>317,976</u>
Total grants	<u>391,869</u>	<u>317,976</u>
Support costs of grant-making	<u>30,943</u>	<u>22,605</u>
	2008	2007
	£	£
Support costs for meetings		
Room hire, audio visual, IT, catering and Society dinner costs	77,457	34,750
Meeting expenses	74,622	27,084
Printing, postage and stationery	11,627	10,008
Advertising and sundry	6,259	4,286
	<u>169,965</u>	<u>76,128</u>
Allocation of support costs	<u>170,187</u>	<u>124,327</u>
Support costs of grant-making	<u>340,152</u>	<u>200,455</u>

All direct charitable expenditure is from the unrestricted funds of the Society.

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

12. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2008	2007
	£	£
Depreciation	21,055	20,347
Auditors' remuneration:		
- audit of the financial statements	8,850	8,400
	<u>8,850</u>	<u>8,400</u>

13. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2008	2007
	£	£
Wages and salaries	67,507	66,282
Social security costs	5,132	5,880
Pension contributions	8,777	4,804
	<u>81,416</u>	<u>76,966</u>

No remuneration is paid to Trustees or persons connected with them in respect of their duties as trustees.

The charity has reimbursed a total of £19,216 (2007: £14,276) by way of individual expenses incurred by Trustees on behalf of the Society. A gift to the value of £750 (2007: £nil) was given to Professor Hall on his retirement.

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2008	2007
	No	No
Number of administrative staff	<u>2</u>	<u>2</u>

No employee received emoluments of more than £60,000 during the year (2007 - Nil).

14. TANGIBLE FIXED ASSETS

	Equipment	Fixtures & Fittings	Leasehold Property	Total
	£	£	£	£
COST				
At 1 January 2008	32,269	14,330	340,216	386,815
Additions	4,591	-	-	4,591
Disposals	(8,614)	-	-	(8,614)
At 31 December 2008	<u>28,246</u>	<u>14,330</u>	<u>340,216</u>	<u>382,792</u>
DEPRECIATION				
At 1 January 2008	24,149	11,352	51,484	86,985
Charge for the year	3,620	451	16,984	21,055
On disposals	(8,614)	-	-	(8,614)
At 31 December 2008	<u>19,155</u>	<u>11,803</u>	<u>68,468</u>	<u>99,426</u>
NET BOOK VALUE				
At 31 December 2008	<u>9,091</u>	<u>2,527</u>	<u>271,748</u>	<u>283,366</u>
At 31 December 2007	<u>8,120</u>	<u>2,978</u>	<u>288,732</u>	<u>299,830</u>

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

15. INVESTMENTS

Movement in market value

	2008 £	2007 £
Market value at 1 January 2008	5,731,659	5,693,641
Acquisitions at cost	231,753	3,326,399
Disposals at opening book value	(298,305)	(3,379,546)
Net gains on revaluations in the year ended 31 December 2008	(1,058,328)	91,165
Market value at 31 December 2008	<u>4,606,779</u>	<u>5,731,659</u>
Historical cost at 31 December 2008	<u>5,059,790</u>	<u>5,077,722</u>

Analysis of investments at 31 December 2008 between funds

	Total Funds 2008 £	Total Funds 2007 £
Listed investments		
Investments listed on a recognised stock exchange	4,332,822	5,460,788
Other investments		
Cash held by investment managers	123,795	120,709
Cash held on deposit	150,162	150,162
	<u>273,957</u>	<u>270,871</u>
	<u>4,606,779</u>	<u>5,731,659</u>

16. DEBTORS

	2008 £	2007 £
Trade debtors	408,576	400,083
Other debtors	41,219	39,365
Other debtors	3,648	3,801
Prepayments	44,673	15,616
	<u>498,116</u>	<u>458,865</u>

17. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Trade creditors	129	251
Other creditors	4,855	-
Accruals	105,975	49,139
	<u>110,959</u>	<u>49,390</u>

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

18. PENSIONS

The Society participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate trustee administered funds. The Society has adopted FRS17 for accounting for pension costs. It is not possible to identify the Society's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8-12 of FRS 17.

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2005 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Valuation method	Projected unit	
	Past Service	Future Service
Investment return on liabilities		
Before retirement	5.5% p.a.	6.5% p.a.
After retirement	4.5% p.a.	4.5% p.a.
Salary growth (excluding promotional increases)	4.15% p.a.	4.15% p.a.
Pension increases	2.65% p.a.	2.65% p.a.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to the individual employers. As a whole the market value of the scheme's assets was £982m representing 93% of the liability for benefits after allowing for expected future increases in salaries.

Following the two informal funding reviews at 31 March 2004 and 31 March 2003, the Trustee of SAUL has undertaken a significant consultation exercise with Employers and Members regarding the level of contributions payable to SAUL.

Following this consultation, the Employers have agreed to contribute 13.0% of salaries from August 2006 (previously 10.5% of salaries), an increase of 2.5% of salaries. Member contributions are also increased by 1.0% of salaries to 6.0% of salaries with effect from the same date.

Employers who have recently joined SAUL (New Employers) and certain employee groups (as agreed by the Trustee of SAUL), pay 19.2% of salaries per annum from August 2006 until the second actuarial valuation after entry (or some other period as agreed with the Trustee).

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed the scheme to be broadly balanced at the last formal valuation date (31 March 2005).

The next formal actuarial valuation is due at 31 March 2009 when the above rates will be reviewed.

19. UNRESTRICTED INCOME FUNDS

	Balance at 1 January 2008 £	Incoming resources £	Outgoing resources 31 December 2008 £	Balance at resources 31 December 2008 £
Fellowship Fund	41,494	20,000	(5,000)	56,494
Intercalated Degrees	65,250	34,500	(39,750)	60,000
Bursaries	37,400	30,000	(29,293)	38,107
PhD Fund	57,750	89,853	(57,750)	89,853
Pilot Study Scheme	83,458	40,000	(23,626)	99,832
Open Scheme	51,730	40,000	(56,730)	35,000
Travel Awards Scheme	7,720	2,500	(500)	9,720
Conference Bursaries	9,880	2,500	(50)	12,330
Centenary Clinical Fellowships	139,535	162,369	(150,057)	151,847
Education Grant Scheme	10,000	10,000	(1,000)	19,000
Sino-European Collaborative Award	-	5,000	-	5,000
Japanese European Collaborative Award	-	5,000	-	5,000
General Funds	6,069,985	-	(1,256,689)	4,813,296
	<u>6,574,202</u>	<u>441,722</u>	<u>(1,620,445)</u>	<u>5,395,479</u>

PATHOLOGICAL SOCIETY OF GREAT BRITAIN AND IRELAND

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Total £
Unrestricted Income Funds:				
Designated Funds	–	–	582,183	562,183
General Funds	283,366	4,606,779	(76,849)	4,823,296
	<u>283,366</u>	<u>4,606,779</u>	<u>505,334</u>	<u>5,395,479</u>
Total Funds	<u>283,366</u>	<u>4,606,779</u>	<u>505,334</u>	<u>5,395,479</u>