



Company number: 11390175

Charity number: 1178741

# Faculty of Medical Leadership and Management

Annual Report and Financial Statements

For the year ended 31 December 2019

# Faculty of Medical Leadership and Management

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### For the year ended 31 December 2019

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## Faculty of Medical Leadership and Management

### Reference and administrative information

For the year ended 31 December 2019

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**Company number** 11390175

**Charity number** 1178741

**Registered office and operational address** 34 Red Lion Square  
London, WC1R 4SG

**Country of registration** England & Wales

**Country of incorporation** United Kingdom

#### Trustees

Dr Iain Wallace	Interim Chair (1 January to 31 December 2019)
Prof Mayur Lakhani	Chair (appointed 1 January 2020)
Ms Jenny Ehrhardt	Treasurer (appointed 1 June 2017)
Dr Philip Kloer	Ordinary Trustee (appointed 18 June 2019)
Mr Alastair Henderson	Ordinary Trustee (appointed 30 March 2019)
Dr Taj Hassan	Ordinary Trustee (appointed 1 April 2017)
Prof William Roche	Ordinary Trustee (appointed 2011)
Prof Bee Wee	Co-opted Trustee (appointed 26 November 2019)
Prof Kamila Hawthorne	Co-opted Trustee (appointed 26 November 2019)
Mr Stephen Brooks	Lay Trustee (stepped down December 2019)
Ms Nargis Ara-Ranaldi	Lay Trustee (appointed 1 November 2019)
Mr Mark Spragg	Lay Trustee (appointed 1 November 2019)
Mr David Bennett	Lay Trustee (appointed 1 November 2019)

**Honorary Trustee** Prof Stephen Powis (appointed 18 June 2019)  
**Observer/advisor** Mr Tom Grinyer

**Key management personnel** Mr Peter Lees Chief Executive  
Ms Kirsten Armit Chief Operating Officer and Company Secretary  
Dr Paul Evans Medical Director

**Bankers** Charities Aid Foundation Bank (CAF Bank Limited)  
25 Kings Hill Avenue  
Kings Hill, West Malling,  
Kent ME19 4JQ

**Solicitors** Bates Wells  
10 Queen Street Place  
London  
EC4R 1BE

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For the year ended 31 December 2019

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**Auditor** Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
Invicta House  
108-114 Golden Lane  
LONDON  
EC1Y 0TL

## Interim Chair's Foreword

For FMLM, 2019 has been an important year. Stepping-in to the role of Interim Chair and working with the Trustees and Council to oversee FMLM's transition to independence, has been a privilege.

Over the year we have taken decisions, undertaken activities and delivered services to ensure our sustainability, while encouraging more doctors to see the benefits of joining a professional community by becoming members and fellows. We have continued to attract a diverse support base and seen our membership grow to its highest level, yet.

Delivering our services to meet the needs of the profession, while keeping pace with changes across healthcare systems remains a challenge and a priority, but our small, agile team, to which we have added a new Medical Director role, is dedicated to supporting all who are interested in medical leadership and its development.

I would like to thank everyone involved with FMLM for the huge support given to me during my tenure.

Dr Iain Wallace  
FMLM Interim Chair

## Chief Executive's Introduction

As 1 January 2019 dawned, FMLM took on new status as an independent charity. We entered our eighth year since being established with the knowledge that we had worked hard, drawn on the guidance and experience of colleagues and built an organisation with strong, sustainable foundations, a clear vision and a strategy for the future to support our members for the benefit of patients.

FMLM's positive achievement and outlook happened at the point our national political leadership was splintering over the Brexit debate, leaving political upheaval, national uncertainty and effective removal of healthcare from the agenda.

Early in the year, following the publication of the Kark Review of the Fit and Proper Person Test, we made it clear that FMLM's objective to improve the standards of leadership in healthcare, as called for in the Francis and Kirkup reports, while much-needed, could not be achieved alone and the time had come for health services to recognise and utilise the professionalisation that FMLM has delivered already.

Throughout 2019 FMLM has forged ahead, further establishing relationships with doctors, students, healthcare organisations, academic institutions, government and regulatory bodies across the UK and internationally.

We delivered our professionalisation agenda against the bedrock of our *Leadership and management standards for medical professionals*, in turn underpinned by 'The Evidence Base' and saw the effects of our leadership development programme, Tomorrow's Strategic Leader, on the first cohort which, through independent evaluation, revealed a significant qualitative and quantitative shift in participants' leadership attitude and ability.

FMLM has long held that good leadership – as well as its development – is positive, compassionate, communication-rich, visionary, inclusive, representative and brave. It needs to be all those things to manage our volatile, uncertain, complex and ambiguous world.

We look forward to continuing our work with a growing community of members and fellows who are dedicated to supporting their colleagues, teams and organisations through their own leadership development, for the benefit of patients.

Thank you.

Mr Peter Lees

FMLM Chief Executive

### Trustees' annual report

For the year ended 31 December 2019

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The Trustees present their report and the audited financial statements for the year ended 31 December 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

### Objectives and activities

#### Purposes and aims

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

The objects of FMLM are:

- (a) for the public benefit, to advance education and knowledge in the field of Medical leadership and management and promote research in all aspects of the subject and to publish the useful results; and
- (b) for the public benefit, to advance health through setting the highest professional standards and competences for Medical leadership, management and quality improvement, the main activities undertaken in relation to those purposes.

FMLM meets these charitable objects and achieves public benefit through a range of activities including the following:

- Set the standards for medical leadership and award fellowships against these standards.
- Provide membership services including access to the latest research in medical leadership and management, mentoring and online development opportunities (eg webinars).
- Contribute to the research base for medical leadership and management.
- Annual international and national conferences to promote best evidence-based best practice.

#### **Mission statement:**

FMLM will work to establish its role as the professional home for medical leadership and promote excellence in leadership on behalf of all doctors in public health, mental health, primary and secondary care, from medical student to medical director and chief executive, and for all UK healthcare providers and healthcare related organisations in all sectors.

#### **Vision and core values:**

The vision of the organisation is 'to inspire and promote excellence in medical leadership to drive continuous improvement in health and healthcare in the UK.'

## Faculty of Medical Leadership and Management

### Trustees' annual report

#### For the year ended 31 December 2019

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FMLM works to professionalise medical leadership by setting and benchmarking against standards that are aligned with the General Medical Council's Good Medical Practice and underpinned by the research evidence linking leadership to quality of care and patient outcomes.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The year to 31 December 2019 was the third of the five-year 2017/21 strategy and the first as a registered charity. The performance and achievements in the year are summarised below.

FMLM's main activities include:

- Establishing and maintaining professional standards of leadership; assessing individuals against these standards; awarding fellowship (at three levels of seniority) to doctors and dentists who have demonstrated that they meet the standards.
- Developing and supporting a membership of doctors and dentists at all career stages (including students); providing educational and training resources and leadership development opportunities including conferences, educational events and programmes.
- Promoting, disseminating and contributing to the research evidence about leadership and leadership development in healthcare.
- Supporting individuals, teams and organisations to improve their medical leadership, through interventions which include leadership development programmes, (psychometric) diagnostic tests, mentoring and coaching.
- Acting as a designated body for revalidation, according to The Medical Profession (Responsible Officers) (Amendment) Regulations 2013. The regulations make specific provisions that FMLM act as Designated Body for the National Medical Director (and their deputies) of NHS England, of which it duly undertakes.

Examples of FMLM's leadership development programmes include 'Tomorrow's Strategic Leader', a multi-module programme aimed at new consultants/GPs and senior trainee doctors; and the College Office Bearers' programme, which helps experienced doctors hone their skills in preparation for a senior leadership role in one of the medical royal colleges, including the role of college president.

Examples of FMLM's 2019 educational events include the annual international healthcare leadership conference, Leaders in Healthcare held in Birmingham in November and national conferences in Wales and Scotland.

FMLM Applied provides tailored leadership development programmes for organisations and is a wholly owned trading arm of FMLM. It essentially operates as an independent consultancy with a separate board of directors, including at least one FMLM Trustee, and reports to the FMLM Board of Trustees.



### Trustees' annual report

For the year ended 31 December 2019

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FMLM also receives income from advertising on its website and, occasionally, from commercial partnerships.

### Achievements and performance

#### Professionalising medical leadership

Since collating and publishing the [Evidence Base](#) for medical leadership, then developing the [Leadership and Management Standards for Medical Professionals](#) as well as introducing the [certification process towards three levels of Fellowship](#), NHS England now includes an expectation for new national clinical directors to hold or work towards FMLM Fellowship. FMLM established an [accreditation scheme](#) to quality assure UK-based leadership and management education and training programmes. These are assessed against the *Leadership and Management Standards for Medical Professionals*. In short, FMLM has delivered the professionalisation and the standards called for in the Francis and Kirkup reports.

Most of the work of FMLM to improve care for patients is directed at supporting the NHS and its medical workforce across the UK. To that end, the organisation has increasingly engaged with the Department of Health and Social Care in England, NHS England and NHS Improvement, the General Medical Council, the Academy of Medical Royal Colleges (AoMRC) and medical royal colleges and faculties. Also, the Secretary of state for Health and Social Care commissioned FMLM to research into the *Barriers and enablers for clinicians moving into senior leadership roles*. The [report](#) was published in 2018.

Early in 2019, NHS England invited FMLM to help develop the NHS Long Term Plan *Leadership Development, Culture and Talent Management* workstream. FMLM issued a strategy to outline the key areas of the professionalisation of medical leadership currently being delivered by the Faculty and which the AoMRC included in their report to NHS England and NHS Improvement.

FMLM has established executive working groups with medical leaders in Scotland and in Wales to deliver and share good leadership practice. Annual conferences took place in Edinburgh in April and in Cardiff in June. FMLM was also invited to present at a medical leadership launch event by HSC in Northern Ireland and to address Northern Ireland Medical and Dental Training Agency ADEPT Fellows in Belfast in January.

#### Leadership development

FMLM has worked in partnership with NHS organisations, medical royal colleges and healthcare societies to deliver a range of tailored leadership programmes and workshops to doctors at all stages of the medical career.

FMLM's flagship leadership development programme, *Tomorrow's Strategic Leader*, for senior trainees, early career consultants and GPs was launched in 2017 and supported with funding from the Royal College of Surgeons of England and the Dinwoodie Charitable Company. Independent evaluation was positive and, in keeping with FMLM's commitment to research, the programme evaluation also incorporated an assessment of participants' leadership competency. This showed a significant qualitative and quantitative progression (average 9%) in being able to lead through complexity.

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### Trustees' annual report

#### For the year ended 31 December 2019

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The College Office Bearer's Leadership Development programme, designed by FMLM for senior officers in medical royal colleges and faculties, completed the fifth then launched a sixth cohort for participants in 2019. The programme has hosted many college presidents and supported them in leading and delivering their increasingly complex college agendas. Common feedback received from the fifth cohort was a feeling of increased empowerment and confidence in their roles as well as helping to foster useful networks for the future.

FMLM manages the National Medical Director, the Chief Pharmaceutical Officer and the Chief Dental Officer clinical fellow schemes which includes the design and delivery of the six-day annual induction programme. In 2019/20, 48 trainees took part, including 37 clinical fellows from sister schemes in Wales, Scotland and Northern Ireland. In keeping with all previous years, the programme received high evaluation scores. The annual graduation ceremony for the 2018/19 cohort took place alongside the FMLM annual Keogh Lecture in July, which was delivered by Professor Carrie MacEwen, Chair of the Academy of Medical Royal Colleges.

FMLM continues to provide mentoring services to members on request and offers executive coaching through the FMLM coaching network, which is may be commissioned by members as well as non-members.

#### **FMLM Applied**

When FMLM became an independent charity, FMLM Applied was established as a trading arm. With the aim of supporting FMLM in the delivery of its charitable purpose, FMLM Applied has supported healthcare teams, practices, organisations and systems to improve outcomes for patients and populations through effective leadership and has contributed income to the FMLM charity.

#### **Annual conference**

In November, FMLM held its seventh annual conference – the fourth of the *Leaders in Healthcare* brand with the BMJ - in Birmingham, attracting almost 900 delegates and speakers from 30 countries.

#### **Membership, support and mapping a whole career**

FMLM membership at the end of 2019 numbered 2,288 individual members, including:

- Post-CCT (43%)
- Trainees (35%)
- Fellows (6%)
- Students (14%)
- Non-medical associates (1.5%)
- Retired medical (0.5%)

In September, FMLM received confirmation of funding support from the Dinwoodie Charitable Company to deliver the first step-by-step, fully interactive digital toolkit for doctors to map and pursue a career in medical leadership. The digital toolkit, now in development, will allow doctors at all stages of the medical career to map their leadership capabilities and address their development needs, to create appropriate personalised pathways in medical leadership and discover opportunities specific to their career stage.

### Beneficiaries of our services

The ultimate intended beneficiaries of FMLM's activities are patients, who benefit from better and safer care through better medical leadership. This is, however, rather nebulous and difficult to measure.

The immediate beneficiaries of FMLM's services and activities are its membership, which mostly comprises doctors at all career stages from student to Medical Director and CEO. At the end of 2019, FMLM had 2288 members, who had access to benefits including mentoring, the latest research in medical leadership through *BMJ Leader*, and access to a wide range of activities including conferences, webinars and interest groups (eg, students and trainees). FMLM measures its impact through membership surveys, the next one is due to be sent out in 2020.

FMLM measures the impact of its leadership development programmes through the charity and FMLM Applied through qualitative and quantitative measures, including commissioned research into the impact of a programme, eg *Tomorrow's Strategic Leader*. FMLM Applied often returns to a client some months later to assess the longer-term impact of its earlier leadership development interventions.

### Financial review

FMLM's results for the year are shown in the Statement of Financial Activities (SOFA).

The actual performance result for the year is an FMLM group net surplus of £60K (excluding funds transferred from Royal College of Physicians at the start of the year).

A breakdown of income:

- Membership 21%
- Development services 19%
- Events 5%
- Education and training 9%
- Revalidation and appraisal 3%
- Other, including advertising 1%
- FMLM Applied 42%

The total FMLM group income for 2019 was £1,545k (£1,537k in 2018 as part of Royal College of Physicians).

The largest single source of income was from membership (including FMLM's jointly owned journal, *BMJ Leader*), totalling £321k (£311k in 2018). Development services income totalled £290k (£282k in 2018). Events income totalled £139k (£86k in 2018). Education and training income totalled £137k (£208k in 2018). Revalidation and appraisal income totalled £56k (£38k in 2018). Other income, including revenue from advertising and careers services, totalled £19k (£10k in 2018).

A breakdown of expenditure:

- Staff costs 53%

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### Trustees' annual report

#### For the year ended 31 December 2019

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- Other costs (including travel, accommodation) 10%
- Clinical Fellowship Scheme 6%
- Events 2%
- Rent and facilities 7%
- Journal 4%
- Education and training 3%
- Revalidation and appraisal 1%
- FMLM Applied direct costs 15%

The total FMLM group expenditure for 2019 was £1,487K (£1,558K in 2018).

The costs of all income generating activities, were below budget, apart from FMLM events, which was higher by £51k (59%). This was due to higher Leaders in Healthcare conference costs - contributed through lack of budgeted income from sponsorship and exhibitor fees.

Staff costs, at £783k, the highest source of expenditure, were £25k below budget (3%) but were £41k (6%) higher compared to 2018. Other costs, including professional and legal fees, along with travel and accommodation, formed the second highest source of expenditure at £148k, £25k (20%) above budget but £4k (2%) lower than 2018.

### Principal risks and uncertainties

The main risks faced by FMLM in 2019 were as follows:

#### 1) Loss of key personnel

FMLM relies heavily on the expertise and networks of the Chief Executive and Medical Director Mr Peter Lees and the Chief Operating Officer Ms Kirsten Armit, both of whom have been in place since the inception of FMLM. Their loss could have a significant negative impact on FMLM should the risk not be mitigated effectively.

FMLM implemented a range of measures to reduce this risk by the appointment of a new Medical Director Dr Paul Evans in August, splitting the role of Chief Executive and Medical Director into two. The senior management team became three people from two, immediately reducing the risk of a loss of a senior executive. FMLM also reviewed the remuneration of the Chief Executive and Chief Operating Officer to ensure that the package offered to each was commensurate with their contribution, responsibilities and market standards for similar roles.

Other measures included open and honest regular briefings with the whole team, enhancing FMLM's cloud-based document storage to retain corporate memory, and developing managers in the organisation to be able to cover and take on some duties such as relationship management and project oversight where appropriate.

#### 2) A change in NHS procurement policy to reduce the amount of leadership development it is able to purchase, eg, a blanket ban on 'consultancy' procurement.

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In 2019, FMLM Applied sought to diversify its client base to reduce reliance on NHS business should limitations on external consultancy/support be imposed. FMLM Applied achieved this by developing and running new programmes with healthcare societies (eg Royal Osteoporosis Society), charities (eg Cancer Research UK) and educational institutions (eg University of Exeter).

- 3) FMLM identified a theoretical risk of litigation by a client of FMLM's organisational leadership development services, but the Board accepted that though the financial and reputational impact of this risk could be relatively high, the likelihood of it happening was low, given the collaborative management approach taken by FMLM Applied and consistently positive feedback during and after programme delivery. Importantly, the financial risk exposure is borne by FMLM Applied, a separate legal entity (company limited by guarantee) to FMLM and not directly by the Charity itself.
- 4) Failure to engage membership groups, including GPs, women and those from BAME backgrounds, impacting reputation as an inclusive, diverse and representative organisation. The Board identifies this as a high priority to assure FMLM's reputation as an inclusive, diverse and representative membership organisation reflecting the patients it serves. As the UK professional home for medical leadership and management it is essential that all who are in or aspire to leadership roles are supported and represented. FMLM appointed FMLM Council member Dr Nnenna Osuji as the diversity and inclusion lead for FMLM, who has been advising the charity on data collection and initiatives to monitor and foster diversity and inclusion among members and the medical leadership profession.

### Reserves policy

FMLM's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 5 to 10. The financial position of FMLM, its cash flows, liquidity position pages 23 to 25.

FMLM continuously seeks to find and maintain new sources of income to further its activities and also mitigate any risk of over-reliance on major income streams.

The FMLM reserves policy is to hold on average half its annual expenditure in reserve to enable FMLM to weather a temporary significant decrease in income and/or wind up the charity in an orderly manner, in line with best practice guidance for charities.

The FMLM reserves at 31 December 2019 were £828,000. This represents more than a year's worth of the operational expenditure forecast for 2020. This policy may be reviewed in-year by Trustees where there is a strong business case for investment in critical FMLM activity that would lead to a reduction in reserves to less than six months operating costs.

### Going concern

The trustees having reviewed FMLM's financial position, the level of cash and reserves, together with the long-term projections, the systems of financial control and risk management in place, management's continued endeavours to deliver operational efficiencies, they believe FMLM is well placed to manage its business risks successfully. The trustees consider FMLM has adequate resources to continue in operational

### Trustees' annual report

#### For the year ended 31 December 2019

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existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Trading subsidiary

FMLM's wholly owned trading subsidiary FMLM Applied's net profit for the year ended 31 December 2019 of £162k will be paid under gift aid to the charity in 2020. The principal activities of the company are providing high-quality clinical leadership development aimed at enhancing clinical leadership and engagement to improve patient care, creating and providing bespoke support programmes for individuals, teams and organisations.

The trading results and balance sheet of the subsidiary extracted from its audited accounts are set out in note 11 to the financial statements.

#### Plans for the future

FMLM's plans for 2020 include increasing membership beyond 2,300; a larger and broader international conference in London in November; reaching a more international audience; delivering highly rated national conferences; reviewing income streams across the charity and FMLM Applied with a view to increasing income while keeping costs at a minimum; further diversifying FMLM Applied's client base; delivering new cohorts for Tomorrow's Strategic Leader and College Office Bearers; and continuing to support staff in their personal development to help FMLM meet ambitious but realistic targets for 2020.

FMLM plans to review its five-year strategy in 2020 and to continue to seek ways to further secure FMLM's long term financial stability.

The FMLM Applied business plan for 2019 was accepted by the FMLM Board of Trustees in April 2019. The business plan focused on:

- a. Working more closely and frequently with the Associate community identified as 'business developers' to develop new offers and effectively market existing programmes
- b. Actively engage key Associates in understanding, developing and promoting the FMLM Applied offer through quarterly email updates and twice-yearly face to face meetings
- c. Identify and approach organisations which may be in need of FMLM Applied support (both through NHS Improvement and through CQC reports)
- d. Seek new Associates amongst FMLM networks who may address a deficit in our current Associate profile
- e. Undertake financial modelling to better understand our current pattern of activity and how this can be scaled and become more profitable and/or new lines of opportunity pursued
- f. Seek potential academic partners to add to the offer of FMLM Applied programmes and support participants to apply for Fellowship of FMLM
- g. Link FMLM Applied programmes with membership, fellowship, 360-degree feedback tool and Leaders in Healthcare
- h. Develop greater commercial expertise amongst the internal team and Associate groups.

Significant progress was made on all these activities during 2019. Additionally, work on a longer-term strategy for FMLM Applied commenced in 2019. The 2020-23 strategy, now published, covers three main

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#### For the year ended 31 December 2019

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priorities: developing leaders and teams, establishing partnerships and communities and thought leadership and research. The full strategy can be accessed here:

<https://www.fmlm.ac.uk/sites/default/files/content/page/attachments/FMLM%20Applied%20Strategy%202020-23%20.pdf>.

### Structure, governance and management

The Trustees of FMLM delegate day to day running of the charity to the senior management team (SMT):

Mr Peter Lees, FMLM Chief Executive

Ms Kirsten Armit, FMLM Chief Operating Officer

Dr Paul Evans, FMLM Medical Director

Trustees make decisions on the strategic direction of the charity, with a written strategy reviewed at least every five years. FMLM's current strategy runs from 2016 to 2021 and can be found on the FMLM website:

[https://www.fmlm.ac.uk/sites/default/files/content/page/attachments/FMLM\\_Strategy\\_2017-2021.pdf](https://www.fmlm.ac.uk/sites/default/files/content/page/attachments/FMLM_Strategy_2017-2021.pdf)

FMLM's transformational goals (integral to the five-year strategy) are as follows:

1. FMLM shall be the first point of contact for medical leadership and management and the Leadership and management standards for medical professionals will be recognised by the healthcare sector as the definition of effective medical leadership.
2. FMLM's work will be underpinned by a demonstrably robust evidence base.
3. FMLM will build an excellent 'track record' and reputation for supporting individuals and teams.
4. FMLM will become a powerful advocate for medical leadership, drawing on the evidence to influence at an international, national, regional and local level.
5. FMLM will be financially resilient, sustainable and independent, with a strong and diverse revenue base.

Financial decision-making and assessment of risks are first reviewed by the Finance, Audit and Risk (FAR) Committee, a sub-committee of the Board of Trustees. The FAR committee makes recommendations to the board on budget setting, staff remuneration, investment strategy, reserves policy and risk management. In 2019 the FAR committee was chaired by the Treasurer, Ms Jenny Ehrhardt and members were Mr Stephen Brooks, Ms Kirsten Armit and Ms Anita Metzger.

Senior staff remuneration, ie the SMT, is determined by the Board of Trustees based on recommendations from the remuneration committee. In 2019, the remuneration committee comprised the Interim Chair of FMLM, Dr Iain Wallace, Ms Jenny Ehrhardt, Mr Stephen Brooks, all of whom were lay trustees. The remuneration committee made pay recommendations to the Board in November 2019, which were accepted by the Board.

Pay for staff below the SMT is reviewed annually, based on organisation business performance, affordability and market comparisons. FMLM engaged HR experts at the Royal College of Anaesthetists for advice on market rates and due process when considering annual pay rises. The recommendation from the

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### Trustees' annual report

#### For the year ended 31 December 2019

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market analysis and expert HR advice was reviewed by the FAR committee and accepted by the Board of Trustees in November 2019 when setting the budget for 2020.

At the end of 2019, FMLM had three members of staff who earned more than £60,000 a year.

The organisation is a charitable company limited by guarantee, incorporated on 31 May 2018 and registered as a charity on 12 June 2018.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

### Appointment of trustees

FMLM became independent of the Royal College of Physicians on 1 January 2019. Between its inception in 2011 and 2018, FMLM was an autonomous department within the RCP. In 2013, FMLM set up an advisory board of trustees to, among other things, guide FMLM to successful independence. The Board of Trustees were appointed according to FMLM's standing orders prior to incorporation.

FMLM Trustees are appointed as follows:

Lay Trustees – open competition recruitment (adverts and interviews)

Ordinary Trustees – appointed by the FMLM Council

Chair – voted by members of FMLM

Treasurer – appointed by the Board of Trustees

Co-opted Trustees – appointed by the Board of Trustees to meet specific skill or expertise gaps

The FMLM Council is the professional decision-making body of FMLM and represents the membership.

Council is responsible for dealing with all issues that affect the professional activity of its membership, including matters such as policy and guidance relating to conduct and education and training; professional issues such as standards and revalidation; engagement with members; regional and national issues; and any other matters relevant to the practice of medical leadership and management.

Council also advises the Board of Trustees on professional issues and developments affecting FMLM or its members.

Council members are drawn from the membership to reflect the breadth of medical practice and specialism, including medical royal colleges, the armed forces and medical education. There are also representatives from each of the devolved nations of the United Kingdom.



### Trustees' annual report

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#### Trustee induction and training

Every FMLM Trustee receives an induction pack with information about the charity's governing document, key business areas and personnel, strategic plan, annual business plan and budget, committee structure and reporting lines. Trustees are also invited to meet staff from each business area to build an understanding of the work of the charity and how it meets its charitable aims through its support to members and wider activity.

Trustees receive information about their responsibilities as charity trustees and company directors, including copies of *The essential trustee: what you need to know, what you need to do* and *It's your decision: charity trustees and decision making*, essential guides from the Charities Commission.

Trustees are supported by the Board Secretary, a role which is currently performed by the Head of Corporate Affairs.

As there were several new appointments at the end of 2019, including a new Chair, FMLM plans to hold a development day for all Trustees in 2020.

#### Related parties and relationships with other organisations

FMLM Applied is a wholly owned subsidiary of FMLM the charity. It is a company limited by shares and its only shareholder is FMLM. FMLM Applied principally delivers leadership development programmes to organisations to help develop their medical leaders to improve patient care and safety. It delivers the programmes through a network of medical and non-medical leadership development professionals and is run on a day to day basis by the FMLM COO and CEO.

The FMLM Applied board is chaired by Stephen Brooks, who previously sat on the FMLM Board as a Lay Trustee and has extensive consultancy experience. Other members of the FMLM Applied Board are:

Mr Peter Lees, FMLM Chief Executive

Ms Kirsten Armit, FMLM Chief Operating Officer

Ms Jenny Ehrhardt FMLM Treasurer

Mr Jamie Ward, Independent of FMLM, with significant leadership development experience

100% of the profits from FMLM Applied are gift aided to FMLM the charity.

#### Remuneration policy for key management personnel

In line with charity best practice, the FMLM Remuneration Committee is responsible for setting the pay for roles at the executive director level of organisation, ie the Chief Executive, Chief Operating Officer and Medical Director.

While the Remuneration Committee is not responsible for setting the pay of individual staff members below the executive level, it may take a view in liaising with the Finance, Audit and Risk Committee on guidance to the Board on pay rates and annual pay rises at the aggregate level.

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##### Setting the FMLM pay policy

The FMLM executive pay policy aims to attract and retain staff of the appropriate calibre and experience to lead FMLM. The pay policy sets out how pay is determined and what factors have been taken into account, these include:

- any comparators against which the pay of senior staff is benchmarked
- how FMLM's income, performance and forecasts will affect pay settlements
- FMLM's track record in recruitment, retention and performance of senior staff

The pay policy is reviewed annually, taking into account past and projected performance.

##### Funds held as custodian trustee on behalf of others

Founded in 2016 by two NHS clinicians, TEDxNHS is the world's largest TEDx event license holder – representing the 1.5 million people who work across health and social care. Organised by the NHS for the NHS, TEDxNHS operates on a fully not-for-profit basis, with a multidisciplinary team of volunteers, made up of NHS staff from across the UK.

TEDx NHS is a movement and does not have a corporate body or finance function, so is unable to receive income or pay invoices. FMLM as a strategic partner of TEDx NHS provides basic finance services and holds funds for TEDx NHS to enable each annual event to run. Typical financial transactions include hire fees for the event venue and ticket receipts from attendees. FMLM does not charge a fee for its services but is recognised as a strategic partner in all event marketing.

##### Statement of responsibilities of the trustees

The trustees (who are also directors of Faculty of Medical Leadership and Management for the purposes of company law) are responsible 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).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, 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 presume that the charity will continue in operation

## Faculty of Medical Leadership and Management

### Trustees' annual report

#### For the year ended 31 December 2019

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The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

### Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 21 October 2020 and signed on their behalf by

Jenny Ehrhardt  
Trustee

## Faculty of Medical Leadership and Management

### Independent auditor's report

For the year ended 31 December 2019

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Independent auditor's report to the members of Faculty of Medical Leadership and Management

## Opinion

We have audited the financial statements of Faculty of Medical Leadership and Management (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the group financial statements is not appropriate; or

## Faculty of Medical Leadership and Management

### Independent auditor's report

For the year ended 31 December 2019

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- The trustees have not disclosed in the group financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other matter

The financial statements of Faculty of Medical Leadership and Management for the year ended 31 December 2018 were unaudited as the group and parent charitable company were exempt from any external scrutiny.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

### Independent auditor's report

For the year ended 31 December 2019

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auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's or the parent charitable company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**Independent auditor's report**

**For the year ended 31 December 2019**

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

## Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

4 December 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006



## Faculty of Medical Leadership and Management

### Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2019

	Note	Unrestricted £	Restricted £	2019 Total £	For the 7 month period ended 31 December 2018 Total £
<b>Income from:</b>					
Charitable activities					
Membership	2	321,075	–	321,075	–
Revalidation and appraisal	2	55,756	–	55,756	–
Development services	2	290,027	–	290,027	–
Education and training	2	117,392	19,380	136,772	–
FMLM events	2	73,148	–	73,148	–
Other trading activities	3	668,527	–	668,527	–
Investments		4	–	4	–
Other – transfer of net assets from Royal College of Physicians	19	771,679	–	771,679	–
<b>Total income</b>		<b>2,297,608</b>	<b>19,380</b>	<b>2,316,988</b>	<b>–</b>
<b>Expenditure on:</b>					
Raising funds (including costs of trading)					
Charitable activities	4	463,950	–	463,950	–
Membership	4	277,094	–	277,094	–
Revalidation and appraisal	4	56,708	–	56,708	–
Development services	4	327,581	–	327,581	–
Education and training	4	167,575	17,848	185,423	–
FMLM events	4	176,063	–	176,063	–
Other		–	–	–	731
<b>Total expenditure</b>		<b>1,468,971</b>	<b>17,848</b>	<b>1,486,819</b>	<b>731</b>
<b>Net movement in funds and net income/(expenditure) for the year</b>	5	<b>828,637</b>	<b>1,532</b>	<b>830,169</b>	<b>(731)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		(731)	–	(731)	–
<b>Total funds carried forward</b>		<b>827,906</b>	<b>1,532</b>	<b>829,438</b>	<b>(731)</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17a to the financial statements.

All funds in the previous period to 31 December 2018 were unrestricted.

## Balance sheets

Company no. 11390175

**As at 31 December 2019**

	Note	The group		The charity	
		2019	2018	2019	2018
		£	£	£	£
<b>Fixed assets:</b>					
Tangible assets	10	39,745	-	39,745	-
Investment in subsidiary		-	-	1	1
		<u>39,745</u>	<u>-</u>	<u>39,745</u>	<u>-</u>
<b>Current assets:</b>					
Debtors	13	469,568	-	291,916	-
Cash at bank and in hand		756,837	6,270	477,359	6,270
		<u>1,226,405</u>	<u>6,270</u>	<u>769,275</u>	<u>6,270</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	14	(436,712)	(7,001)	(142,528)	(7,002)
		<u>789,693</u>	<u>(731)</u>	<u>626,747</u>	<u>(731)</u>
<b>Net current assets / (liabilities)</b>					
		<u>829,438</u>	<u>(731)</u>	<u>666,492</u>	<u>(731)</u>
<b>Total net assets / (liabilities)</b>					
		<u><u>829,438</u></u>	<u><u>(731)</u></u>	<u><u>666,492</u></u>	<u><u>(731)</u></u>
<b>Funds:</b>	17				
Restricted income funds		1,532	-	1,532	-
Unrestricted income funds:					
General funds		827,906	(731)	664,960	(731)
Total unrestricted funds		<u>827,906</u>	<u>(731)</u>	<u>664,960</u>	<u>(731)</u>
<b>Total funds</b>		<u><u>829,438</u></u>	<u><u>(731)</u></u>	<u><u>666,492</u></u>	<u><u>(731)</u></u>

Approved by the trustees on 21 October 2020 and signed on their behalf by

Jenny Ehrhardt  
Trustee

Faculty of Medical Leadership and Management

Consolidated statement of cash flows

For the year ended 31 December 2019

	Note	2019	For the 7 month period ended 31 December 2018	
		£	£	£
<b>Cash flows from operating activities</b>				
Net income for the reporting period (as per the statement of financial activities)		830,169		(731)
Non cash fixed assets transferred from Royal College of Physicians	19	(55,652)		
Depreciation charges		19,872		–
Dividends, interest and rent from investments		(4)		–
(Increase)/decrease in debtors		(469,568)		–
Increase/(decrease) in creditors		429,711		7,001
<b>Net cash provided by operating activities</b>		<b>754,528</b>		<b>6,270</b>
<b>Cash flows from investing activities:</b>				
Dividends, interest and rents from investments		4		–
Purchase of fixed assets		(3,965)		–
<b>Net cash (used in) investing activities</b>		<b>(3,961)</b>		<b>–</b>
<b>Change in cash and cash equivalents in the year</b>		<b>750,567</b>		<b>6,270</b>
Cash and cash equivalents at the beginning of the year		6,270		–
<b>Cash and cash equivalents at the end of the year</b>		<b>756,837</b>		<b>6,270</b>

**1 Accounting policies**

**a) Statutory information**

Faculty of Medical Leadership and Management is a charitable company limited by guarantee and is incorporated in England. The registered office address (and principal place of business, if different from the registered office) is 34 Red Lion Square, London, United Kingdom, WC1R 4SG.

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary FMLM Applied Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision, of a specified service, (including membership, training, events and consultancy) is deferred until the criteria for income recognition are met.

**1 Accounting policies (continued)**

**f) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

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

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the running commercial consultancy activity through FMLM Applied.
- Expenditure on charitable activities includes the costs of delivering services to our members undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**i) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity:

- |  |     |
|--|-----|
| ● Membership                                 | 24% |
| ● Revalidation and appraisal                 | 3%  |
| ● Development Services                       | 24% |
| ● Education and Training                     | 15% |
| ● FMLM Events                                | 14% |
| ● Raising funds (including costs of trading) | 20% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**1 Accounting policies (continued)**

**j) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £1,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Fixtures and fittings 3 years
- Leasehold improvements 3 years

**l) Investments in subsidiaries**

Investments in subsidiaries are at cost.

**m) Debtors**

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

**n) Cash at bank and in hand**

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

**o) Creditors and provisions**

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

**p) Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**q) Pensions**

The charitable company operates a defined contribution scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

## Faculty of Medical Leadership and Management

### Notes to the financial statements

For the year ended 31 December 2019

#### 2 Income from charitable activities

	Unrestricted £	Restricted £	2019 Total £
Membership income	298,150	–	298,150
BMJ Leader journal	22,925	–	22,925
<b>Sub-total for Membership</b>	<b>321,075</b>	<b>–</b>	<b>321,075</b>
Revalidation and appraisal fees	55,756	–	55,756
<b>Sub-total for Revalidation and appraisal</b>	<b>55,756</b>	<b>–</b>	<b>55,756</b>
National Medical Director Clinical Fellowship Scheme	142,049	–	142,049
Chief Pharmaceutical Officer Clinical Fellowship Scheme	71,394	–	71,394
Chief Dental Officer Clinical Fellowship Scheme	40,275	–	40,275
CPD and Accreditation	25,712	–	25,712
Other income from Development services	10,597	–	10,597
<b>Sub-total for Development services</b>	<b>290,027</b>	<b>–</b>	<b>290,027</b>
College Officers Programme	46,860	–	46,860
Royal College of Physicians/Faculty of Medical Leadership and Management events	61,582	19,380	80,962
Fellowship	8,950	–	8,950
<b>Sub-total for Education and Training</b>	<b>117,392</b>	<b>19,380</b>	<b>136,772</b>
Conference	48,569	–	48,569
Other events	24,579	–	24,579
<b>Sub-total for FMLM events</b>	<b>73,148</b>	<b>–</b>	<b>73,148</b>
<b>Total income from charitable activities</b>	<b>857,398</b>	<b>19,380</b>	<b>876,778</b>

There was no income in 2018

#### 3 Income from other trading activities

	Unrestricted £	Restricted £	2019 Total £
Advertising	17,120	–	17,120
Consultancy	649,293	–	649,293
Careers Service	2,114	–	2,114
<b>Total</b>	<b>668,527</b>	<b>–</b>	<b>668,527</b>

There was no income in 2018

Faculty of Medical Leadership and Management

Notes to the financial statements

For the year ended 31 December 2019

4 Analysis of expenditure (current year)

	Raising funds (including costs of trading) £	Charitable activities							2019 Total £	For the 7 month period ended 31 December 2018 Total £
		Membership £	Revalidation and appraisal £	Development Services £	Education and Training £	FMLM Events £	Governance costs £	Support costs £		
Staff costs (Note 6)	156,357	106,126	20,395	139,877	94,609	84,747	10,135	29,624	641,871	-
Temporary staff costs	21,085	31,614	6,980	13,052	11,191	16,970	-	10,314	111,205	-
Other staff costs	-	-	-	-	-	-	-	29,937	29,937	-
Consultancy costs	216,574	-	-	-	-	-	-	-	216,574	-
Membership costs	-	2,300	-	-	-	-	-	-	2,300	-
Journal costs	-	53,133	-	-	-	-	-	-	53,133	-
Revalidation and appraisal costs	-	-	18,843	-	-	-	-	-	18,843	-
Clinical Fellowship Scheme costs	-	-	-	84,362	40	-	-	-	84,402	-
Development services costs	-	-	-	6,369	-	-	-	-	6,369	-
Education and training costs	-	-	-	-	9,284	-	-	-	9,284	-
Other events costs	-	-	-	-	17,848	25,392	-	-	43,240	-
Marketing	-	-	-	-	-	-	-	19,016	19,016	-
Rent and facilities charges	-	-	-	-	-	-	-	106,850	106,850	-
IT and office costs	-	-	-	-	-	-	-	68,370	68,370	-
Legal and professional fees	-	-	-	-	-	-	23,011	-	23,011	-
Travel and subsistence	-	-	-	-	-	-	3,196	12,520	15,716	-
Other costs	-	-	-	-	-	-	-	16,826	16,826	731
Depreciation	-	-	-	-	-	-	-	19,872	19,872	-
	<b>394,016</b>	<b>193,173</b>	<b>46,218</b>	<b>243,660</b>	<b>132,972</b>	<b>127,109</b>	<b>36,342</b>	<b>313,330</b>	<b>1,486,819</b>	<b>731</b>
Support costs	62,666	75,199	9,400	75,199	46,999	43,866	-	(313,330)	-	-
Governance costs	7,268	8,722	1,090	8,722	5,451	5,088	(36,342)	-	-	-
<b>Total expenditure 2019</b>	<b>463,950</b>	<b>277,094</b>	<b>56,708</b>	<b>327,581</b>	<b>185,423</b>	<b>176,063</b>	<b>-</b>	<b>-</b>	<b>1,486,819</b>	<b>731</b>
Total expenditure 2018	-	-	-	-	-	-	-	-	-	-

Costs in 2018 comprised £731 in other expenses, made up of computer charges (£109), bank charges and interest (£400) and general expenses (£222).



**5 Net income / (expenditure) for the year**

This is stated after charging / (crediting):

	2019 £	2018 £
Depreciation	19,872	–
Interest payable	13	–
Operating lease rentals:		
Property	48,243	–
Other	1,268	–
Auditor's remuneration (excluding VAT):		
Audit	8,100	–
Other services	2,700	–
	<u>          </u>	<u>          </u>

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	542,950	–
Social security costs	63,700	–
Employer's contribution to defined contribution pension schemes	35,221	–
	<u>          </u>	<u>          </u>
	<u>641,871</u>	<u>          </u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£70,000 – £79,999	1	–
£130,000 – £139,999	1	–
	<u>          </u>	<u>          </u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £279,953 (2018: £nil).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £3,196 (2018: £nil) incurred by four members relating to attendance at meetings of the trustees.

## Notes to the financial statements

For the year ended 31 December 2019

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was 11 (2018: nil).

Staff are split across the activities of the charitable company as follows (full time equivalent basis):

	2019 No.	2018 No.
Raising funds	2.4	–
Membership	1.9	–
Revalidation and appraisal	0.4	–
Development services	2.7	–
Education and training	1.6	–
FMLM events	1.4	–
Support	0.7	–
Governance	–	–
	10.9	–
	10.9	–

**8 Related party transactions**

There are no related party transactions to disclose for 2019 (2018: none).

**9 Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary FMLM Applied Limited gift aids available profits to the parent charity. Its charge to corporation tax in the year was:

	2019 £	2018 £
UK corporation tax at 19% (2018: 19%)	–	–
	–	–

**10 Tangible fixed assets****The group and charity**

	Fixtures and fittings £	Leasehold improvements £	Total £
<b>Cost</b>			
At the start of the year	–	–	–
Transfer from Royal College of Physicians	19	55,652	55,671
Additions in year	1,560	2,405	3,965
	1,560	58,057	59,617
<b>Depreciation</b>			
At the start of the year	–	–	–
Charge for the year	520	19,352	19,872
	520	19,352	19,872
<b>Net book value</b>			
At the end of the year	1,040	38,705	39,745
	1,040	38,705	39,745
At the start of the year	–	–	–
	–	–	–

**11 Subsidiary undertaking**

The charitable company owns the whole of the issued ordinary share capital of FMLM Applied Ltd, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. Kirsten Armit and Jenny Ehrhardt are also directors of the subsidiary. A summary of the results of the subsidiary is shown below:

	2019 £	2018 £
Turnover	649,293	-
Cost of sales	(179,042)	-
Gross profit	470,251	-
Administrative expenses	(78,778)	-
Management charge payable to parent undertaking	(228,527)	-
Profit / (loss) on ordinary activities	162,946	-
Donation to parent under gift aid	-	-
Profit / (loss) for the financial year	162,946	-
The aggregate of the assets, liabilities and funds was:		
Assets	457,130	-
Liabilities	(294,184)	-
Funds	162,946	-

Amounts owed to/from the parent undertaking are shown in note 13.

**12 Parent charity**

The parent charity's gross income and the results for the year are disclosed as follows:

	2019 £	2018 £
Gross income	1,124,543	-
Result for the year	(104,456)	(731)

**13 Debtors**

	The group		The charity	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	376,064	-	205,705	-
Other debtors	33,483	-	28,234	-
Accrued income	60,021	-	57,977	-
	469,568	-	291,916	-

**14 Creditors: amounts falling due within one year**

	The group		The charity	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	156,937	-	25,073	-
Amounts owed to subsidiary	-	-	3,313	-
Taxation and social security	54,480	-	30,806	-
Accruals	64,842	-	43,030	-
Deferred income	160,453	-	40,306	-
	<u>436,712</u>	<u>-</u>	<u>142,528</u>	<u>-</u>

**15 Deferred income**

Deferred income comprises membership fees and fees for consultancy work received in advance.

	The group		The charity	
	2019	2018	2019	2018
	£	£	£	£
Balance at the beginning of the year	-	-	-	-
Amount released to income in the year	-	-	-	-
Amount deferred in the year	160,453	-	40,306	-
	<u>160,453</u>	<u>-</u>	<u>40,306</u>	<u>-</u>

**16 Analysis of group net assets between funds (current year)**

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	39,745	-	-	39,745
Net current assets	788,161	-	1,532	789,693
	<u>827,906</u>	<u>-</u>	<u>1,532</u>	<u>829,438</u>

At 31 December 2018 the charity had negative funds of £731 which comprised unrestricted funds only.

## 17 Movements in funds (current year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
<b>Restricted funds:</b>					
Expert Leadership Development Programme	-	19,380	(17,848)	-	1,532
<b>Total restricted funds</b>	-	19,380	(17,848)	-	1,532
<b>Unrestricted funds:</b>					
General funds	(731)	2,297,608	(1,468,971)	-	827,906
<b>Total unrestricted funds</b>	(731)	2,297,608	(1,468,971)	-	827,906
<b>Total funds</b>	(731)	2,316,988	(1,486,819)	-	829,438

The narrative to explain the purpose of each fund is given at the foot of the note below.

**Purposes of restricted funds****Expert Leadership Development Programme**

A grant provided by the Dinwoodie Charitable Company in respect of the delivery of an Expert Leadership Development Programme. The aim of the project is to design and deliver a unique bespoke programme of leadership and management development which is generalisable across the profession to guarantee a healthy pipeline of doctors prepared and well equipped to take on major roles in leading health services in the UK, and to undertake a detailed evaluation of the programme to include measurement of the change in leadership capability of the participants.

## 18 Operating lease commitments

The charity and group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2019 £	2018 £	Equipment 2019 £	2018 £
Less than one year	20,101	-	1,268	-
One to five years	-	-	1,162	-
	<b>20,101</b>	<b>-</b>	<b>2,429</b>	<b>-</b>

**19 Transfer of assets from Royal College of Physicians**

Prior to this financial year, the charity's activities were operated through the Royal College of Physicians. Following the establishment of this new separate charity, the net assets of the activities, were transferred from the Royal College of Physicians on 1 January 2019. A breakdown of the assets transferred is included below.

	<b>Total £</b>
<b>Fixed assets</b>	<u><b>55,652</b></u>
Current assets	
Debtors	<b>329,863</b>
Cash at bank and in hand	<u><b>1,024,589</b></u>
Total current assets	<b>1,354,452</b>
<b>Creditors: amounts falling due within one year</b>	<u><b>(638,425)</b></u>
<b>Net current assets</b>	<u><b>716,027</b></u>
<b>Net assets</b>	<u><u><b>771,679</b></u></u>

**20 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.