

Charity Registration No 1036260

Company Registration No 2882989 (England and Wales)

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT AND GROUP FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2008**



**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**LEGAL AND ADMINISTRATIVE INFORMATION**

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**Directors**

Dr J Y Paton  
Dr S Hartl

**Secretary**

Dr J Y Paton

**Trustees**

Dr J Y Paton  
Dr S Hartl

**Chief Executive Officer**

Dr J-L Eiselé

**Company number**

2882989

**Charity number**

1036260

**Registered office**

442 Glossop Road  
Sheffield  
S10 2PX

**Auditors**

UHY Wingfield Slater  
Wellington House  
39 Wellington Street  
Sheffield  
S1 1XB

**Bankers**

HSBC Bank plc  
251 Fulwood Road  
Sheffield  
S10 3BE

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**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

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## **EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED (LIMITED BY GUARANTEE)**

### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

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The directors present their annual report and the audited financial statements for the period ended 31 March 2008 prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's governing document, the Companies Act 1985 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005. The European Respiratory Society (UK) Limited is a registered charity and is also a company limited by guarantee under the provisions of the Companies Act 1985. The charitable company does not have a share capital.

#### **Principal activities**

Since the charitable company began its operations on 21 December 1993, its principal activity has been to promote the relief and care of respiratory disorders by aiding research into this area. Donations totalling £140,460 have been made during the period.

#### **Review of the development, activities and achievements of the charitable company during the period**

The activities of the charitable company during the period were focused around furthering the cause of respiratory medicine throughout the world with particular emphasis on Third World countries, Eastern Bloc countries, Southern Europe and parts of South America. The directors feel that good progress has been made in meeting the aims of the charitable company and intend continuing with these activities in the future.

#### **Review of the transactions and financial position of the charitable company and its subsidiary**

The total income received from the charitable company's trading subsidiary, European Respiratory Society Journals Limited, amounted to £800. This total is less than that received in 2006 which was an amount of £100,331. Expenditure in respect of grants and fellowships increased from £65,886 in 2006 to £140,460 in 2008. This has meant net outgoings of £163,707 in 2008 compared to net income of £33,878 in 2006. The directors consider that the financial position of the charitable company is satisfactory as at 31 March 2008.

The charitable company's trading subsidiary, European Respiratory Society Journals Limited, has continued to carry on the business of producing scientific journals during the year. Reported profits before charitable donations have fallen by £719,759 from those achieved in 2006, but the directors consider that the financial position of the trading subsidiary is still satisfactory as at 31 March 2008 and intend to continue operating this trade as a means of raising funds in the future. £627,806 of the fall in profits relates to exceptional expenditure due to exchange rate fluctuations and asset value impairment. Without these the fall in profit would only have been £91,953.

#### **Directors**

The directors (who are also the trustees) who held office during the period were as follows:

Dr M F Muers	(Resigned 19 September 2007)
Prof G Sybrecht	(Resigned 19 September 2007)
Dr J Y Paton	(Appointed 19 September 2007)
Dr S Hartl	(Appointed 19 September 2007)

None of the directors has any beneficial interest in the charitable company.

The directors are appointed by the Executive Committee of the ultimate controlling party, European Respiratory Society, which is based in Switzerland. It is the normal duty of the Secretary General and Treasurer of the Executive Committee to become directors of the charitable company. However, if neither is based in the United Kingdom, another member of the Executive Committee is selected who is based in the United Kingdom. A maximum of three directors will be appointed in any one year.

The directors are appointed to the charitable company at an appropriate quarterly meeting. Private meetings are held with them, the present directors, the ERS Executive Manager and the ERSJ Limited Publications Manager. New directors also spend a minimum of one day in the ERSJ Limited offices in Sheffield being introduced to staff, the corporate structure and operations and the related activities of the charitable company.

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

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**Directors (cont)**

All decisions relating to the granting of Scientific Research Fellowships, the sole activity of the charitable company, are made by the directors

**Reserves policy**

The charitable company's policy is to retain general reserves equivalent to cover the funding of one research grant per year. The actual level of general reserves held at 31 March 2008 was £(506,711) (deficit) (group) £89,074 (charitable company)

**Grant making policy**

The grant making policy of the charitable company offers fellowship schemes for professionals actively engaged in clinical and basic research in respiratory medicine and pulmonary practice to carry out specific research and clinical projects or obtain training in a clinical or research unit in another European country

**Risk management**

The major risk to which the charitable company is exposed is the non-receipt of donations. The charitable company's source of donation is from its trading company. The trading company pays its taxable distributable profits to the charitable company. It is foreseen that the non-receipt of donations would only happen if the trading company did not make any profit. To limit this risk the trading company endeavours to market subscriptions and advertising space.

**Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law and charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company's and group's incoming resources and application of resources, including its income and expenditure during the period and of its state of affairs at the end of the period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 charitable company will continue in operation.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Charities Act 1993. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention of fraud and breaches of law and regulations.

**Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the charitable company's auditors are unaware. Additionally the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the charitable company's auditors are aware of that information.

On behalf of the board

Dr J Y Paton  
Secretary  
25 July 2008

*Jan Y. Paton*

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of European Respiratory Society (UK) Limited for the period ended 31 March 2008 on pages 5 to 16. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The responsibilities of the directors, who are also the trustees of European Respiratory Society (UK) Limited, for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

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

We are not required to consider whether the statement in the directors' report concerning the major risks to which the charitable company is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charitable company's risk management and control procedures.

**Basis of opinion**

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

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED (CONTINUED)**

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**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 group's and charitable company's affairs as at 31 March 2008 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*UHY Wingfield Slater*

UHY Wingfield Slater

8 September 2008

Chartered Accountants  
Registered Auditor

Wellington House  
39 Wellington Street  
Sheffield  
S1 1XB

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE PERIOD ENDED 31 MARCH 2008**

	Note	Unrestricted funds Period ended 31 March 2008 £	Year ended 31 December 2006 £
<b>Incoming resources from generated funds</b>			
Activities for generating funds by the trading subsidiary	2	1,716,349	1,541,462
Bank interest received		<u>13,639</u>	<u>4,574</u>
<b>Total incoming resources</b>		<u><b>1,729,988</b></u>	<u><b>1,546,036</b></u>
<b>Resources expended</b>			
<b>Costs of generating funds</b>			
Fundraising trading costs of goods sold and other costs incurred by the trading subsidiary (including exceptional items £581,461)	6	<u>2,327,555</u>	<u>1,444,977</u>
<b>Charitable activities</b>			
Grants payable in furtherance of the charity's objects			
Grants and fellowships	5	140,460	65,886
Exchange rate variances		23,462	166
Bank charges		<u>30</u>	<u>60</u>
<b>Total charitable expenditure</b>		<u><b>163,952</b></u>	<u><b>66,112</b></u>
<b>Governance costs</b>			
Audit fee		800	800
Legal and professional fees		<u>15</u>	<u>15</u>
<b>Total governance costs</b>		<u><b>815</b></u>	<u><b>815</b></u>
<b>Total resources expended</b>		<u><b>2,492,322</b></u>	<u><b>1,511,904</b></u>
<b>Net (expenditure)/income for the period before taxation</b>	3	(762,334)	34,132
Taxation	4	<u>(22,284)</u>	<u>(937)</u>
<b>Net (expenditure)/income for the period</b>		<b>(784,618)</b>	<b>33,195</b>
<b>Fund balance at 1 January 2007</b>		<u><b>277,907</b></u>	<u><b>244,712</b></u>
<b>Fund balance at 31 March 2008</b>	13	<u><b>(506,711)</b></u>	<u><b>277,907</b></u>



**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

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The group has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the net incoming resources for the year stated above and its historical cost equivalent

There were no discontinued operations

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING  
INCOME AND EXPENDITURE ACCOUNT)  
FOR THE PERIOD ENDED 31 MARCH 2008**

	Note	Unrestricted funds Period ended 31 March 2008 £	Year ended 31 December 2006 £
<b>Incoming resources from generated funds</b>			
<b>Investment income</b>			
Income receivable from European Respiratory Society Journals Limited			
Gift aid charitable donation		-	99,531
Donation towards reimbursement of expenses		800	800
Bank interest received		<u>260</u>	<u>474</u>
<b>Total incoming resources</b>		<u>1,060</u>	<u>100,805</u>
<b>Resources expended</b>			
<b>Charitable activities</b>			
Grants payable in furtherance of the charity's objects			
Grants and fellowships	5	140,460	65,886
Exchange rate variances		23,462	166
Bank charges		<u>30</u>	<u>60</u>
<b>Total charitable expenditure</b>		<u>163,952</u>	<u>66,112</u>
<b>Governance costs</b>			
Audit fee		800	800
Legal and professional fees		<u>15</u>	<u>15</u>
<b>Total governance costs</b>		<u>815</u>	<u>815</u>
<b>Total resources expended</b>		<u>164,767</u>	<u>66,927</u>
<b>Net (expenditure)/income for the period</b>	3	(163,707)	33,878
<b>Fund balance at 1 January 2007</b>		<u>252,781</u>	<u>218,903</u>
<b>Fund balance at 31 March 2008</b>		<u>89,074</u>	<u>252,781</u>

The charitable company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the net incoming resources for the year stated above and its historical cost equivalent

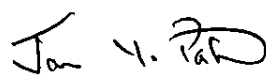
There were no discontinued operations

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**BALANCE SHEETS AS AT 31 MARCH 2008**

		Group	Charitable company
	Note	31 March 2008 £	31 December 2006 £
		31 March 2008 £	31 December 2006 £
<b>Fixed assets</b>			
Tangible assets	8	754,542	25,293
Investments	9	-	-
		<u>754,542</u>	<u>25,293</u>
		-	-
<b>Current assets</b>			
Stocks		29,066	30,584
Debtors - due within one year	10	458,029	533,241
Cash at bank and in hand		<u>695,474</u>	<u>489,401</u>
		1,182,569	1,053,226
<b>Creditors - amounts falling due within one year</b>	11	<u>(1,157,002)</u>	<u>(800,612)</u>
		(212,582)	(79,308)
<b>Net current assets</b>		<u>25,567</u>	<u>252,614</u>
		89,074	252,781
<b>Total assets less current liabilities</b>		780,109	277,907
		89,074	252,781
<b>Creditors amounts falling due after more than one year</b>	12	<u>(1,286,820)</u>	-
		-	-
<b>Net (liabilities)/assets employed</b>		<u>(506,711)</u>	<u>277,907</u>
		89,074	252,781
<b>Capital and reserves</b>			
Called up share capital		-	-
Unrestricted funds	13	(540,840)	243,778
Capital reserve		<u>34,129</u>	<u>34,129</u>
		-	-
		<u>(506,711)</u>	<u>277,907</u>
		89,074	252,781

Authorised by the Board for issue on 25 July 2008

  
Dr J Y Paton  
Secretary

  
Dr S Hartl  
Director

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

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The accounting period is 15 months long and runs from 1 January 2007 to 31 March 2008 to match the year end of the ultimate controlling party

**1 Accounting policies**

**1.1 Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005, the Companies Act 1985 and the Charities Act

The accounts have been prepared on a going concern basis as the group will continue to have the financial support of the ultimate controlling party, The European Respiratory Society, based in Switzerland

**1.2 Cash flow statement**

In the opinion of the directors the charitable company qualifies as a small company and accordingly a cash flow statement is not required

**1.3 Basis of consolidation**

The group financial statements comprise the financial statements of the charitable company and its trading subsidiary made up to the end of the financial period

**1.4 Income from activities for generating funds**

Income from activities for generating funds represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year by the charitable company's wholly owned subsidiary European Respiratory Society Journals Limited, which produces scientific journals

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation

Depreciation is provided at the following rates to write off all tangible fixed assets over their expected useful lives

Freehold buildings	-	2% Straight line
Fixtures and fittings	-	12 50% / 25% Straight line
Computer equipment	-	33 33% Straight line

Freehold land is not depreciated

**1.6 Capitalisation of fixed assets**

Items of capital expenditure of £100 or more are capitalised as fixed assets. The directors may capitalise items less than this value at their discretion

**1.7 Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the statement of financial activities

**1.8 Stock and work in progress**

Work in progress is valued at the lower of cost and net realisable value

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

**1 Accounting policies (continued)**

**1 9 Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes where these are material

**1 10 Pension costs**

The pension costs charged in the financial statements represent the contributions payable by the group during the year in accordance with FRS 17

**1 11 Operating leases**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

**1 12 Grants payable in furtherance of the charitable company's objects**

Grants payable represents the amounts awarded to beneficiaries and payable during the period in which the grant is awarded

**1 13 Allocation of resources expended**

Resources expended are allocated to headings in the statement of financial activities based on the actual purpose of the expenditure. No apportionments have taken place

Costs of generating funds represents the costs incurred by the trading subsidiary whose sole aim is to generate funds for the charitable company

Grants payable in furtherance of the charitable company's objects represents grants and fellowships payable to beneficiaries together with directly related expenditure associated with these ie exchange rate gains/losses, bank transfer charges

Governance costs represent the costs of managing and administering the charitable company as a statutory vehicle

**2 Turnover**

In the period to 31 March 2008 90.00% (2006 - 90.00%) of the subsidiary company's turnover was to markets outside the United Kingdom

**3 Net incoming resources**

	<b>2008</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Net incoming resources are stated after charging		
Operating lease - buildings - subsidiary company	25,812	21,000
Operating lease - equipment - subsidiary company	1,341	1,229
Auditor's remuneration		
- Charitable company	800	800
Auditor's remuneration for non-audit work (including the audit of the subsidiary company)	9,790	6,790
Depreciation - subsidiary company	17,762	10,422
Staff costs - subsidiary company (note 7)	736,015	557,239
Directors' remuneration		
- Subsidiary company	-	-
- Charitable company	-	-

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

<b>4</b>	<b>Taxation</b>	<b>2008</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Subsidiary company		
	Adjustment for prior years	22,284	-
	Overseas withholding tax on royalties	<u>-</u>	<u>937</u>
<b>5</b>	<b>Grants and fellowships</b>		
	Fellowships of £140,460 were made to 6 individuals during the year		
<b>6</b>	<b>Costs for generating funds</b>	<b>2008</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Cost of sales incurred by the trading subsidiary</b>		
	Magazine printing and other direct costs	438,037	422,885
	Stationery and distribution	299,363	268,663
	Promotional activities	<u>3,409</u>	<u>13,677</u>
		<u>740,809</u>	<u>705,225</u>
	<b>Administrative expenses incurred by the trading subsidiary</b>		
	Wages and secretarial expenses (note 7)	736,015	557,239
	Staff training and recruitment	11,080	788
	Rent and rates	29,317	29,081
	Insurance	12,582	7,745
	Light and heat	5,719	2,097
	Cleaning	4,497	3,275
	Repairs and maintenance	6,797	4,551
	Office removal and relocation costs	4,090	-
	Printing, postage and stationery	4,797	6,425
	Telephone	3,640	3,621
	Computer running costs	69,537	56,112
	Equipment leasing	1,341	1,229
	Travel and motor expenses	37,267	25,651
	Legal and professional fees	3,755	1,307
	Accountancy	5,790	3,590
	Audit fees	4,000	3,200
	Bank charges	4,309	3,784
	Foreign exchange currency differences	(62)	11,912
	Bad and doubtful debts	13,955	4,937
	Sundry expenses	3,372	2,786
	Depreciation of tangible fixed assets	17,762	10,422
	Loss on disposal of tangible fixed assets	<u>995</u>	<u>-</u>
	carried forward	980,555	739,752

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

<b>6</b>	<b>Costs for generating funds (cont)</b>	<b>2008</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Administrative expenses incurred by the trading subsidiary (cont)</b>		
	brought forward	980,555	739,752
	<b>Interest charges incurred by the trading company</b>		
	Loan interest payable to group companies	24,730	-
	<b>Exceptional items incurred by the trading company</b>		
	General rates rebate	(46,345)	-
	Foreign exchange difference	238,312	-
	Property impairment	<u>389,494</u>	<u>-</u>
		<u>1,586,746</u>	<u>739,752</u>
	<b>Total costs of generating funds</b>	<u>2,327,555</u>	<u>1,444,977</u>
<b>7</b>	<b>Staff costs</b>	<b>2008</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Gross wages and salaries and secretarial expenses	669,876	507,363
	Employers' NIC contributions	54,162	40,606
	Employers' pension contributions	<u>11,977</u>	<u>9,270</u>
		<u>736,015</u>	<u>557,239</u>

The average number of employees of the subsidiary company was 18 (2006 - 17) There were no employees in the subsidiary company whose annual emoluments were £60,000 or more

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

8	Tangible fixed assets	Freehold	Fixtures,	Total
		land and	fittings and	
		buildings	computer	
		£	equipment	£
<b>Group and subsidiary company</b>				
<b>Cost or valuation</b>				
At 1 January 2007		-	71,722	71,722
Additions		1,120,600	16,900	1,137,500
Disposals		-	(8,787)	(8,787)
At 31 March 2008		<u>1,120,600</u>	<u>79,835</u>	<u>1,200,435</u>
<b>Depreciation</b>				
At 1 January 2007		-	46,429	46,429
On disposals		-	(7,793)	(7,793)
Charge for the period		<u>390,600</u>	<u>16,657</u>	<u>407,257</u>
At 31 March 2008		<u>390,600</u>	<u>55,293</u>	<u>445,893</u>
<b>Net book value</b>				
At 31 March 2008		<u>730,000</u>	<u>24,542</u>	<u>754,542</u>
At 31 December 2006		<u>-</u>	<u>25,293</u>	<u>25,293</u>

A valuation of the land and buildings was made during April 2008 by Fernie Greaves, Chartered Surveyors, on an open market basis. The land and buildings were valued at £730,000. Additional depreciation of £389,494 has been charged during the period due to the market value of the property being impaired.



**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

**9 Investments**

The charitable company was given the whole of the issued share capital of European Respiratory Society Journals Limited, a company incorporated in England and Wales, on 22 September 1995. This company carries on the business of producing scientific journals on the subject of respiratory disorders, research and medicine and is included in these consolidated accounts. At 31 March 2008 this company had aggregate share capital and reserves of £(595,783) (deficit) and loss for the period then ended of £620,911. The results are summarised as

	Period ended 31 March 2008 £	Year ended 31 December 2006 £
Turnover	1,715,903	1,541,021
Cost of sales	<u>(740,809)</u>	<u>(705,225)</u>
Gross profit	975,094	835,796
Administrative expenses	(981,355)	(840,083)
Other operating income	<u>446</u>	<u>441</u>
Operating loss	(5,815)	(3,846)
Exceptional item - General rates rebate	46,345	-
Exceptional item - Foreign exchange difference	(238,312)	-
Exceptional item - Property impairment	(389,494)	-
Interest receivable	13,379	4,100
Interest payable and similar charges	<u>(24,730)</u>	<u>-</u>
(Loss)/profit before taxation	(598,627)	254
Taxation	<u>(22,284)</u>	<u>(937)</u>
Loss after taxation	<u><u>(620,911)</u></u>	<u><u>(683)</u></u>
Aggregate assets	1,734,958	845,963
Aggregate liabilities	<u>(2,330,741)</u>	<u>(820,835)</u>
Aggregate funds/(deficit)	<u><u>(595,783)</u></u>	<u><u>25,128</u></u>

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

**10 Debtors**

	2008 £	Group 2006 £	Charitable company 2008 £	2006 £
Trade debtors	146,833	400,978	-	-
Amounts owed by group undertakings	189,524	-	99,501	99,531
Other debtors	45,522	95,419	-	-
Prepayments	76,150	34,081	-	-
Accrued income	-	2,763	-	-
	<u>458,029</u>	<u>533,241</u>	<u>99,501</u>	<u>99,531</u>

**11 Creditors amounts falling due within one year**

	2008 £	Group 2006 £	Charitable company 2008 £	2006 £
Trade creditors	169,973	257,119	-	-
Amounts owed to group undertakings	353,313	296,721	127,823	43,239
Taxation and social security	39,257	13,807	-	-
Other creditors	86,857	37,926	83,959	35,254
Accruals	157,088	92,168	800	815
Deferred income	350,514	102,871	-	-
	<u>1,157,002</u>	<u>800,612</u>	<u>212,582</u>	<u>79,308</u>

**12 Creditors amounts falling due after more than one year**

	2008 £	Group 2006 £	Charitable company 2008 £	2006 £
Amounts owed to group undertakings	<u>1,286,820</u>	-	-	-
<b>Analysis of loans</b>				
Wholly repayable after more than five years	<u>1,286,820</u>	-	-	-

There is no pre-arranged repayment date for this loan and interest is payable at an amount that is equal to the interest that is paid by the lender on its own borrowing

**13 Reserves**

	Charitable company unrestricted fund £	Trading subsidiary capital reserve £	Non- charitable trading funds £	Total group reserves £
At 1 January 2007	252,781	34,129	(9,003)	277,907
Loss retained	<u>(163,707)</u>	-	<u>(620,911)</u>	<u>(784,618)</u>
At 31 March 2008	<u>89,074</u>	<u>34,129</u>	<u>(629,914)</u>	<u>(506,711)</u>

**EUROPEAN RESPIRATORY SOCIETY (UK) LIMITED  
(LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008 (CONTINUED)**

**14 Pensions**

The subsidiary company contributes to defined contribution pension schemes for certain employees, the assets of which are held in separate trustee administered funds. Contributions paid during the period were £11,977 (2006 - £9,270). Amounts owed by the subsidiary company to the fund at 31 March 2008 were £2,323 (2006 - £1,922).

There are no directors in this scheme.

**15 Control**

The ultimate controlling party is European Respiratory Society, which is based in Switzerland. It is unknown whether any individual has control over that organisation.

**16 Related party transactions**

In accordance with Financial Reporting Standard no. 8 the charitable company has taken advantage of the exemption of disclosing details of transactions with its trading subsidiary company on the grounds that the trading subsidiary company is included within these consolidated accounts.

Transactions have taken place with the ultimate controlling party during the period and the net amount owed by the group at 31 March 2008 was £1,450,609. The transactions related to amounts paid by the ultimate controlling party on behalf of the group and vice versa.

**17 Transactions involving directors of the trading subsidiary company and connected persons**

No remuneration or reimbursed expenses were paid to any directors of either the charitable company or its trading subsidiary.

**18 Financial commitments**

At 31 March 2008 the group was committed to making the following payments under non-cancellable operating leases in the period to 31 March 2009.

	Land and buildings		Other	
	2008	2006	2008	2006
	£	£	£	£
Expiry date				
Within one year	-	21,000	433	1,229
Between two and five years	<u>-</u>	<u>-</u>	<u>1,187</u>	<u>-</u>

**19 Charitable commitments**

The charitable company had no charitable commitments at 31 March 2008.