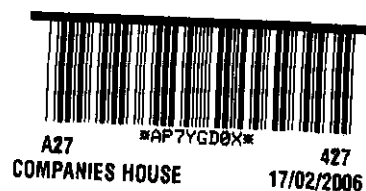


COMPANY REGISTRATION NUMBER 1392004

THE SOCIETY OF HOMEOPATHS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005



**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the members	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9
The following page does not form part of the financial statements	
Detailed profit and loss account	15

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	A Kirk F Treuherz A Dempster J Duckworth S Nunn L Milgrom E Tombs-Heirman
Company secretary	F Treuherz
Registered office	11 Brookfield Duncan Close Moulton Park Northampton Northamptonshire NN3 6WL
Auditors	dng Dove Naish Chartered Accountants and Registered Auditors Eagle House 28 Billing Road Northampton NN1 5AJ
Bankers	The Co-operative Bank PO Box 250 Skelmersdale WN8 6WT

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Society continue to be:

- a. to develop and maintain high standards for the practice of homeopathy
- b. to develop and maintain for public use a Register of Homeopaths who practice to the standards required by the Society and abide by the Society's Code of Ethics and Practice
- c. to protect the public's freedom to have homeopathic treatment now and in the future
- d. to promote public awareness of homeopathy and to encourage its responsible use in the home
- e. to promote and encourage the establishment of education and training in homeopathy

Retained profit increased by 33% during the year from £44,179 in 2004 to £58,922 in 2005. This positive contribution has enhanced reserves to carry forward from £169,779 in 2004 to £228,701.

Insured members' fees have grown by 9% during the year from £600,616 in 2004 to £654,314 in 2005. This partially reflects the first full accounting period following the successful introduction of 'Direct Registration', designed to move members more quickly from qualification to Registered membership.

Significant investment in IT to support Membership Services has taken place during the year. The Society suffered a catastrophic failure of its intranet software 'FirstClass Mail' (FCM). A comprehensive review was undertaken, as a result of which, the FCM server has been purchased and brought in house and the software has been fully updated. Feedback from the current users of FCM has been extremely positive; the Society will continue to actively promote the FCM service to its members. 2005 has also seen a change in the web hosting company and a successful overhaul of the website.

The Communications Department was extremely active during 2005. The benefit of improved internal processes was evident during the year, particularly around the time of the publication of The Lancet research and the Smallwood Report. On the whole, feedback in respect of the revamped Newsletter and Journal publications continues to be positive.

Education activities during 2005 were largely focused on improving the AP(E)L process, Accreditation of Prior (& Experiential) Learning. Additionally, the Education Department have been planning for the future, working to support the development of an independent board for the accreditation of courses in preparation for the new registering body.

The 'Direct Registration' process has been very positively received by the newly registered members, who are now able to achieve registered status much earlier than was formally the case. CPD activities will continue to be a key focus for the foreseeable future, with a growing emphasis on practice management to support registered members new to practice.

In order to comply with changes in financial services legislation overseen by the Financial Services Authority (FSA), the Society became registered as an Appointed Representative of Howden Medical Insurance Services. This means that we are regulated by the FSA for providing insurance to our members. Whilst this has not had a direct impact on the profit and loss account, it does mean that the Society is required to separately account for the proportion of their membership fees that relates specifically to membership insurance.

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

RESULTS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

DIRECTORS

The directors who served the company during the year were as follows:

A Kirk	
F Treuherz	
A Dempster	
J Duckworth	
S Nunn	
L Milgrom	(Appointed 19 March 2005)
E Tombs-Heirman	(Appointed 19 March 2005)
H Campbell	(Retired 19 March 2005)
K Chatfield	(Retired 19 March 2005)
J Hurley	(Retired 31 December 2005)

DIRECTORS' RESPONSIBILITIES

Company 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 company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EXEMPTIONS APPLIED UNDER APB ETHICAL STANDARDS

In common with many other businesses of our size and nature we use our auditors to prepare and submit tax returns to the tax authorities and assist with the preparation of the financial statements.

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

AUDITORS

A resolution to re-appoint dng Dove Naish as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
11 Brookfield
Duncan Close
Moulton Park
Northampton
Northamptonshire
NN3 6WL

Signed by order of the directors


F TREUHERZ
Company Secretary

Approved by the directors on

7 February 2006

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
SOCIETY OF HOMEOPATHS LIMITED**

YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of The Society of Homeopaths Limited for the year ended 31 December 2005 on pages 7 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the 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 company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available for Small Entities, in the circumstances set out in the directors report.

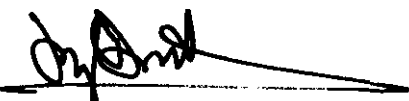
**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
SOCIETY OF HOMEOPATHS LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2005

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 company's affairs as at 31 December 2005 and of its profit for the year then ended, and the financial statements have been properly prepared in accordance with the Companies Act 1985.



dng Dove Naish
Chartered Accountants
and Registered Auditors
Eagle House
28 Billing Road
Northampton
NN1 5AJ

9 February 2006

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
TURNOVER	2	775,753	729,621
Administrative expenses		716,046	685,442
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59,707	44,179
Tax on profit on ordinary activities	6	785	—
RETAINED PROFIT FOR THE FINANCIAL YEAR		58,922	44,179
Balance brought forward		169,779	125,600
Balance carried forward		<u>228,701</u>	<u>169,779</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on page 7 form part of these financial statements.



**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

31 DECEMBER 2005

	Note	2005 £	£	2004 £	£
FIXED ASSETS					
Tangible assets	7		7,913		10,331
Investments	8		10		10
			<u>7,923</u>		<u>10,341</u>
CURRENT ASSETS					
Debtors	9	97,292		93,752	
Cash at bank and in hand		<u>222,271</u>		<u>138,450</u>	
		319,563		232,202	
CREDITORS: Amounts falling due within one year	10	<u>98,785</u>		<u>72,764</u>	
NET CURRENT ASSETS			<u>220,778</u>		<u>159,438</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>228,701</u>		<u>169,779</u>
RESERVES	14				
Profit and loss account			<u>228,701</u>		<u>169,779</u>
MEMBERS' FUNDS			<u>228,701</u>		<u>169,779</u>

These financial statements were approved and authorised for issued by the directors on the 7/2/06 and are signed on their behalf by:



A KIRK

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Computer equipment	33.33% on cost
Office equipment	25% on cost
Fixtures, fittings and furniture	15% on net book value

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2005	2004
	£	£
United Kingdom	775,753	729,621

THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	7,370	9,690
Auditors remuneration	3,349	2,702

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of administrative staff	13	12
Number of management staff	8	8
	<u>21</u>	<u>20</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	311,947	284,311
Social security costs	21,282	22,563
	<u>333,229</u>	<u>306,874</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2005	2004
	£	£
Emoluments receivable	<u>24,377</u>	<u>27,391</u>

6. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	785	—
Total current tax	<u>785</u>	<u>—</u>

The Society has mutual trading status and corporation tax is only chargeable on investment income derived from bank deposits.

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

6. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2004 - 19%).

	2005 £	2004 £
Profit on ordinary activities before taxation	59,707	44,179
Profit/(loss) on ordinary activities by rate of tax	11,344	8,394
Marginal relief	(476)	—
Adjustment to tax charge due to changes in tax rates	—	(604)
Mutual trading profits not subject to corporation tax	(10,083)	(7,790)
Total current tax (note 6(a))	785	—

7. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £
COST	
At 1 January 2005	123,956
Additions	4,952
At 31 December 2005	128,908
DEPRECIATION	
At 1 January 2005	113,625
Charge for the year	7,370
At 31 December 2005	120,995
NET BOOK VALUE	
At 31 December 2005	7,913
At 31 December 2004	10,331

8. INVESTMENTS

	Shares in Group Undertakings £
COST	
At 1 January 2005 and 31 December 2005	10
NET BOOK VALUE	
At 31 December 2005	10
At 31 December 2004	10

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

8. INVESTMENTS (continued)

The company owns 100% of the issued share capital of the companies listed below:

	The Society of Homeopaths Trading Company Limited	Homeopathic Education Training and Research Agency Limited
Nature of Business	Sale of publications and publicity material	Provision of education, training and research facilities
Aggregate capital and reserves as at 31st December 2005	(£13,359)	£510
Profit / (loss) for the year ended 31st December 2005	£2,598	£4,028

Under the provisions of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so. The financial statements show information about the company as an individual entity.

9. DEBTORS

	2005 £	2004 £
Trade debtors	14,267	6,878
Amounts owed by group undertakings	45,752	55,016
Prepayments and accrued income	37,273	31,858
	<u>97,292</u>	<u>93,752</u>

10. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Trade creditors	4,664	894
Corporation tax	785	—
Other creditors	3,700	—
Member subscriptions prepaid	84,001	63,039
Accruals and deferred income	5,635	8,831
	<u>98,785</u>	<u>72,764</u>

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2005 £	2004 £
Operating leases which expire:		
Within 2 to 5 years	—	—
After more than 5 years	28,200	28,200
	<u>28,200</u>	<u>28,200</u>

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

12. TRANSACTIONS WITH THE DIRECTORS

All of the directors paid the registered member subscription fee of £475 for 2005. This is the same fee charged to all other registered members of the Society.

13. RELATED PARTY TRANSACTIONS

The company was under the control of its board of directors, who are listed in the directors' report throughout the current and previous year.

During the year, the company undertook the following transactions with its subsidiary undertakings:

	Trading Company	HETRA
Charge for use of Facilities	£1,600	£0
Balance owed to/(from) subsidiary at 31st December 2005	(£45,752)	£0

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

14. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and therefore does not have a share capital.

**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2005

The following page does not form part of the statutory financial statements
which are the subject of the independent auditors' report on pages 5 to Error! Bookmark not
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**THE SOCIETY OF HOMEOPATHS LIMITED
COMPANY LIMITED BY GUARANTEE**

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
TURNOVER				
Insured membership fees		654,314		600,616
Student and subscriber fees		26,973		28,438
Recognition, moderation and examination fees		29,339		27,298
Sales and advertising		25,615		26,555
Registration fees		18,996		22,953
Bank interest (gross)		6,639		3,178
Office facilities and services		13,627		16,583
Sponsorship		250		4,000
		<u>775,753</u>		<u>729,621</u>
OVERHEADS				
Personnel	389,861		356,253	
Premises expenses	44,773		39,885	
Equipment expenses	4,991		1,644	
Membership (including insurance)	121,796		122,764	
Company expenses	54,269		58,389	
Society meetings and travel	18,242		19,944	
Other meetings and travel	663		229	
Communications	42,496		44,531	
Publications	24,737		25,556	
Public relations	558		470	
Legal and professional fees	1,162		545	
Depreciation	7,370		9,690	
Bad debts written off	-		331	
Bank charges	5,128		5,211	
		<u>716,046</u>		<u>685,442</u>
PROFIT ON ORDINARY ACTIVITIES		<u>59,707</u>		<u>44,179</u>