



Royal College of
Obstetricians &
Gynaecologists

Consolidated Annual Report and Accounts 2013



Contents

For the year ended 31 December 2013

Contents

	Page
References and administrative details	3
Foreword	8
Report of Trustees	11
Principal activities, aims and objectives	11
Nature of governing document	11
Organisational Structure	11
Trustee appointments and responsibilities	12
Training and induction of Trustees	13
Charity and related parties	13
Achievements and Performance	13
Strategic Report	13
Public Benefit	15
Plans for the future	15
Principal Risks & Uncertainty	18
Committee Structure	20
Financial Review	22
Reserves policy	22
Designated funds	23
Investment policy	23
Performance of trading company	24
Pensions	24
Independent audit report	25
Consolidated Statement of Financial Activities	27
Consolidated Balance Sheet	28
Consolidated Cash Flow Statement	29
Notes to the Financial Statements	30

Royal College of Obstetricians & Gynaecologists

References and administrative details

For the year ended 31 December 2013

© 2014 Royal College of Obstetricians and Gynaecologists

First published 2014

All rights reserved. No part of this publication may be reproduced, stored or transmitted in any form or by any means, without the prior written permission of the publisher or, in the case of reprographic reproduction, in accordance with the terms of licences issued by the Copyright Licensing Agency in the UK [www.cla.co.uk]. Enquiries concerning reproduction outside the terms stated here should be sent to the publisher at the UK address printed on this page.

Published by the Royal College of Obstetricians and Gynaecologists

Royal College of Obstetricians and Gynaecologists

27 Sussex Place, Regent's Park

London NW1 4RG

UK

Registered Charity No. 213280

Scottish Registered Charity No. SC041594

Council

Honorary Officers until 27 September 2013

President	Anthony Falconer
Senior Vice President	James Walker
Vice President	David Richmond
Vice President	Wendy Reid
Honorary Treasurer	Paul Fogarty
Honorary Secretary	Ian Currie

Honorary Officers from 27 September 2013

President	David Richmond
Senior Vice President/Treasurer	Paul Fogarty
Vice President	Ian Currie
Vice President	Clare McKenzie
Vice President	Alan Cameron

Elected Fellows

London	Melanie Davies
	Diana Hamilton-Fairley
Eastern	Edward Morris
Northern/Yorkshire	Paul Hilton
South West	Jonathan Frappell
North West	Charles Kingsland
South East	Felicity Ashworth
Trent	Diana Fothergill
West Midlands	Mark Kilby
Wales	Simon Emery
Scotland	Mary-Ann Lumsden
	Phil Owen
Ireland	John Morrison
	Robin Ashe

References and administrative details

For the year ended 31 December 2013

International (England)	Alison Wright Janice Rymer Linda Cardozo Justin Konje
International British Isles	James Dornan
Elected Members	
London	Daghni Rajasingam Narendra Pisal
Eastern	Medhat Hassanaien
Northern/Yorkshire	Padma Bharathi Pathi
South West	Jane Mears
North West	Andrew Pickersgill
South East	Dib Datta
Trent	Nicholas Raine-Fenning
West Midlands	Pallavi Latthe
Scotland	Andrew Thomson
Ireland	Cliona Murphy

Co-opted members

Ted Adams, Chair, Trainees' Committee

Matthew Prior, Chair, Trainees' Committee (effective January 2014)

Andrea Pilkington, Vice Chair, Trainees' Committee

Zarko Alfirevic, Chair, Academic Board

Invited members

Cath Broderick, Chair, Women's Network

Angela Hyde, Vice Chair, Women's Network

Christopher Wilkinson, President, Faculty of Sexual & Reproductive Healthcare, RCOG

Unless indicated otherwise, all appointments are as at 31 December 2013.

Council were the legal Trustees of RCOG until 3 June 2013

From 3 June 2013 a Board of Trustees assumed this responsibility

Board of Trustees

President	Anthony Falconer (until 27 September 2013)
President	David Richmond (from 27 September 2013)
Senior Vice President	James Walker (until 27 September 2013)
Senior Vice President/Treasurer	Paul Fogarty (from 27 September 2013)
Honorary Treasurer	Paul Fogarty (until 27 September 2013)
Vice President	Lesley Regan (from 24 January 2014)
RCOG Fellow	David Farquharson
RCOG Member	Daghni Rajasingam
RCOG Council Representative	Dib Datta
Lay Trustee	Naaz Coker
Lay Trustee	Roy Martin
Lay Trustee	Linda Nash
Lay Trustee	Eric Thomas

Senior Management Team

Chief Executive	Ian Wylie
Deputy Chief Executive and Executive Director of Global Education	Michael Murphy
Executive Director of Quality and Knowledge	Sara Johnson
Executive Director of Resources	Fred Emden

Directors of:

Marketing	Nigel Moore
Education Policy and Quality	Kim Scrivener
Finance	Sandra Tetsola
Health Policy and Public Relations	Gerald Chan
Human Resources	Rachel Dell
Information Management and Technology	Matt Gosden
Meetings	Lynn Whitley
Membership Relations	Luke Stevens-Burt
Operations	Jan Horsnell
Journals and E-Publishing	Claire Dunn
Clinical Quality	Anita Dougall
National Collaborating Centre, Women's & Children's Health	Moira Mugglestone

Advisers

Auditors

Kingston Smith (to May 2013)	Sayer Vincent LLP (from June 2013)
Chartered Accountants	8 Angel Gate
Devonshire House	City Road
60 Goswell Road	London EC1V 2SJ
London EC1M 7AD	

References and administrative details

For the year ended 31 December 2013

Bankers

Barclays Bank plc
Hanover Square Corporate Banking Group
PO Box 15163H
50 Pall Mall
London
SW1A 1QD

Solicitors

Hempsons
40 Villiers Street
London WC2N 6NJ

Bates Wells & Braithwaite
Scandinavian House
2-6 Cannon Street
London EC4M 6YH

Foreword

The RCOG has had another excellent year delivering an array of high quality initiatives. These have enhanced our standing and influence as a global college whilst also achieving greater financial stability.

We currently have almost 13,000 members, of whom just over half are based in the UK; the remainder are spread across more than 100 countries worldwide. Improving our communications with all our members is, therefore, a constant challenge. We continue working hard to improve our links with Fellows and Members everywhere and to actively encourage greater participation in College affairs.

With weekly timetables and job plans becoming ever tighter in the UK, however, I recognise both the growing demands on our members' clinical activities and the hardening attitudes towards time taken away from one's base hospital. Reconciling these activities, particularly as budgets shrink, is increasingly difficult and costly.

Technology can help: at the college we are using teleconferencing more frequently and this is a development I strongly recommend to colleagues. We are also revamping The Scanner, our monthly e-newsletter, and overhauling our website. This work is long overdue and will, when completed, make it far easier for Fellows and Members everywhere to engage with the College and use our services.

Education and training

In education, Vice President Clare McKenzie and Executive Director Michael Murphy have a significant portfolio of work, some of which was started by Wendy Reid. The MRCOG is changing for the better: it is getting a new structure and we are splitting the Part 2 component into theory and practice. This will enable candidates to 'bank' the theory component for future attempts if they are initially unsuccessful in the OSCE examination.

Meanwhile, The Shape of Training argues for postgraduate training towards the Certificate of Completion of Training (CCT) to become more generalised, with specialised and sub-speciality training intended to take place in the post-CCT period. Implementing the report will be a major undertaking and its ramifications and cost implications still need much work.

College Governance

The Governance Review Working Party report has led to many changes in the structure of the College. A new Board of Trustees, chaired by me, now oversees the College's finance and business development and has a mixture of appointed lay and professional representatives. Council continues as before, but now focuses primarily on professional clinical and leadership issues. There is a delicate balance between the two but I believe the breadth and level of expertise that this brings to our governance and strategic and financial planning will enhance the College's position in the years to come and allow Council to concentrate on professional and clinical matters.

UK Affairs

These changes have prompted us to realign the Officer roles so that they reflect the College's direction and aspirations. The Honorary Secretary post has been rebadged as Vice President for UK Affairs. This recognises

Foreword

For the year ended 31 December 2013

our need for greater involvement in UK developments and also provides a more obvious channel of communication for UK-based members. Ian Currie as VP UK has embarked on two substantial areas of work. He is chairing a working party that is examining how best to ensure that specialist career development and continuing professional education are fit for the 21st century. His second project is to develop 'regionalisation'. This, I anticipate, will harness members' local enthusiasm to better involve colleagues at a regional level, linking with the new NHS structures in education, research and service delivery.

Strategic Development

The change in governance to a new Board of Trustees has also made the function of Treasurer obsolete. In order to keep the same number of Honorary Officers, we have used this opportunity to establish a Vice President of Strategic Development. Its specific role is to maintain financial oversight which, I believe, will be crucial for the development of our professional strategic aspirations. We recently appointed Professor Lesley Regan to the post and I anticipate that she shall have an exciting time considering new avenues for the College, championing women's rights and beginning to establish the College as a leading advocate for all aspects of women's health, both at home and abroad. Over time, this will undoubtedly evolve into an 'umbrella' multidisciplinary approach for the active promotion of healthcare for women and girls worldwide.

Global Health

Dr Paul Fogarty was appointed VP Global Affairs. With his team, he recently produced a [strategy](#) which we launched in the House of Lords in the autumn. How we put this global strategy into operation will be key to fulfilling our international ambitions. The strategy recognises the importance of working in partnership and our close links with the Liverpool School of Tropical Medicine, along with other national colleges and institutions, continue to develop and flourish. These enable us to maximise our impact at a local level, as does the franchising of courses and educational packages. This work also grows from strength to strength, with new requests for co-operation received on a regular basis.

Clinical Quality

In the UK, Professor Alan Cameron became Vice President for Clinical Quality in 2013. I am particularly pleased with the growth of our 'informatics unit' and their publications last year. The [Clinical Indicators Project](#), published in May 2013, will be the first of many and there is still much work to be done. Specifically, the report needs to expand its focus from England to the UK and eventually capture gynaecology outcomes.

Nevertheless, this report is undoubtedly a move in the right direction. Variation may be the enemy of true quality but it offers the opportunity for clinical benchmarking and improvement. Regulatory bodies are already interested in using the report's findings as part of their baseline assessments and it may also offer us an opportunity to make global comparisons. Other clinical projects being considered will focus on reducing harm and maximising high quality outcomes across our professional sphere. I shall look forward to updating you on these developments.

The College has an enviable reputation for our expertise at setting standards and developing guidelines. However, to date we have been less adept at capturing the clinical outcomes which reflect implementation

Foreword

For the year ended 31 December 2013

of best practice, and then auditing individual or hospital performance. The ramifications for education and training are obvious. Moreover, through our examinations our reach can be global. This is our chance as Officers of this College, with you as members, to make a difference to deliver better healthcare for women, everywhere.

Dr David Richmond
President

Report of Trustees

Principal activities, aims and objectives

The principal object of the College, as described in its Royal Charter, is ‘the encouragement of the study and advancement of the science and practice of obstetrics and gynaecology’. This is reflected in the College’s mission, which is to set standards to improve women’s health and the clinical practice of obstetrics and gynaecology in the British Isles and across the world. Promoting best practice is at the heart of the College’s activities.

In practical terms, the College does this through setting standards for training and best practice, educating and supporting Fellows, Members, trainees and other clinicians and advancing science and practice in the specialty by working with other organisations in health and in the care of women.

Our activities are funded through examination charges and educational activities, membership fees, publications and operating as a conference venue.

The College is registered with the Charity Commission in England and the Scottish Charity Regulator, although it pursues educational and standards setting activities across the whole of the UK as well as in an increasing number of other countries.

Nature of governing document

The RCOG is governed by a Royal Charter, granted in 1947, and Regulations made pursuant to the Charter. The Charter was renewed in December 2003, amended in 2012 and the College is bound by its regulations. In 2010, the College was separately registered as a charity in Scotland.

Organisational Structure

Until 3 June 2013, the governing body of the College was the Council, which meets six times a year. Its powers include the election of Honorary Fellows, Fellows and Members of the College and the appointment of specific Boards and Committees. It also receives recommendations from Boards and Committees for discussion and ratification. The structure for Boards and Committees appears later in this report (see page 20).

Council currently comprises 19 elected Fellows, 11 elected Members, two Trainee representatives (one being the Chair), Chair of the Academic Board, Chair and Vice Chair of the Women’s Network and President of the Faculty of Sexual and Reproductive Health Care. Council may co-opt up to five additional members for any specified purpose. The six elected Honorary Officers are ex officio members of Council.

Fellows and Members are elected within regions of the British Isles. Fellows may nominate and vote for Fellows and Members for Members by defined regions. International elections also provide a further five places for Fellows who are the international representatives on Council.

Elected Fellows on Council may serve for a maximum of six years and this period is taken into account for the total period of eligibility. The term for elected Members is four years.

Only elected members and Officers have the right to vote in any ballot on issues decided by the Council.

The Honorary Officers of the College are elected annually by ballot at a meeting of Council. The President, Senior Vice President and Vice Presidents may serve for a maximum of three years.

Following a review of the College's governance structure, a new Board of Trustees was formed on 3 June 2013. This Board combines both clinical leadership with wider expertise, essential to charity governance.

The Board comprises ten trustees, and is chaired by the President. There are six O&G Trustees on the Board - the President, Senior Vice President, a Member or Fellow elected from the Council, and two Members or Fellows of the College in active practice, appointed by interview. The four lay members on the Board are appointed by interview.

Council continues to function, having the purpose of developing and recommending to the Board of Trustees, policies and activities on all clinical and professional matters for women's health.

The current Trustees, Officers and Council members are listed on pages 4-6.

The Finance and General Purposes Committee has delegated power to perform, on behalf of the Trustees, matters of specified business. It is responsible for financial scrutiny of the College, including critically reviewing management accounts and recommending the annual budget to Trustees for approval.

The Audit & Risk Committee provides the Trustees with an independent assessment of the College's statutory financial position and accounting affairs, with the objective of providing further assurance of the quality and reliability of the financial information. It also oversees the systems of governance, risk management and internal control across the whole of the College's activities. It meets not less than three times a year.

The RCOG encourages diversity on all College Boards and Committees.

Trustee appointments and responsibilities

The Trustees are responsible for preparing the report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the College and of the incoming resources and application of resources of the College for that period. In preparing these financial statements, 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 accounting standards 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 business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements

comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees confirm that, so far as they are aware, there is no relevant audit information of which the College's auditors are unaware. It has taken all the steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Training and induction of Trustees

New Trustees are inducted into their role and College business through an induction programme which includes briefings from the President, Officers, Chief Executive and key staff. As part of this process, information is provided about their roles and duties as charitable Trustees, as well as other supporting information about the governance of the College.

The President appraises the progress made by Trustees, Officers and Council in relation to their areas of responsibility and the objectives outlined in the College Strategy. This occurs at least annually. Internal support and development is given to Trustees in accordance with identified individual needs.

The Chief Executive is appraised by the President on an annual basis.

Charity and related parties

Purchase invoices for administrative support were paid to the business of the Honorary Treasurer, to the value of £2,991 during the year. This facilitated the work of the NIRCOG Committee work. There were no outstanding charges at the end of the year. Details of this business interest is recorded in the Declaration of Personal Interest Register.

Strategic Report

Achievements and Performance

2013 was a significant year. In addition to the formation of the Board of Trustees, a fundamental change to the governing structure of the College, a new President and Officers were elected. A degree of continuity was achieved, with the new President, David Richmond, moving from Vice President and the Senior Vice President moving from the role of Treasurer. The officer team has been refocused though, with the Honorary Secretary redefined as Vice President, UK Affairs and the Honorary Treasurer role replaced with a Vice President, Strategic Development (elected in 2014). These changes support the College's ambition and determination to meet the opportunities and challenges that lie ahead.

Key achievements were as follows:

- RCOG Press sale completed to Cambridge University Press (CUP). The first joint RCOG-CUP textbook for the DRCOG approved. New RCOG E-publishing focused strategy approved in September 2013,

- MRCOG Review Implementation Group and the Part 3 MRCOG Clinical Assessment on track for delivery of the first new examination in 2016. A full pilot Part 3 examination was held in November 2013.
- Enhance Revision - virtual class room - Programme for the part two MRCOG examinations launched in four centres in three countries with 40 trainees in September 2013.
- First part one MRCOG examinations held in China in March 2013 and more planned for May 2014.
- The eLearning Strategy is now in operation and the core tutorials on StratOG remained the key focus of eLearning development.
- Workplace Behaviours joint RCOG/Royal College of Midwives (RCM) project launched to reduce undermining behaviour in the workplace and a new network of Workplace Behaviours Champions has been created.
- New Global Health strategy agreed by Council in July and its official launch was on 24 October in the House of Lords supported by a host of key stakeholders and potential partners. The five-year strategy focuses on the College's key strengths in standard setting, education and training, setting objectives and outcome measures to ensure that investment in global health initiatives will have a lasting impact on women's health in countries most in need.
- RCOG also sent a delegation to the International Federation of Gynecology and Obstetrics (FIGO) Africa Congress in October to raise awareness within the African Obstetricians and Gynaecologists (O&G) community. Developed new alliances with American Congress of Obstetricians and Gynecologists and the Society of Obstetricians and Gynaecologists of Canada in November.
- RCOG World Congress 2013 held in Liverpool in June attracted 1771 delegates plus speakers bringing the total to over 2000.
- Introduced new combined UK and International membership survey and held series of listening sessions. Responses to the survey were high and a work plan has now been developed to support member engagement.
- Refreshed the College's visual identity and logo and published a new look Annual Review.
- New Gulf development strategy approved. Partnership working with HealthcareUK resulted in new high-level government contacts in Gulf and participation in UK ministerial mission to the region in October 2013.
- Innovative Green-Top Guidelines App for iPhones and iPads launched January 2013. Over 6000 downloads in 2013 with more than 50% outside the UK. Android version went on sale in January 2014.
- Major drive to increase reach and influence of BJOG in US market with five new US editors appointed in 2013.
- Successfully lobbied for a National Clinical Director for Women's Health and Maternity (and member of the College) appointed by NHS England.
- Held Women's Healthcare in 21st Century event – a major two-day women's healthcare (life course) conference in October 2013.
- New contract for National Collaborating Centre for Women's and Children's Health (NCC-WCH) commenced with National Institute for Health and Care Excellence (NICE) in March 2013, new governance structure, chair and director appointed. Successful relocation to Sussex Place in August 2013. Three guideline updates produced by the NCC-WCH for NICE published in 2013.

- Major programme to support Members revalidation needs delivered by College including information provision, website resources, appointment of special advisors and help desk service.
- RCOG Safety and Quality Committee develops to become the Women's Health Patient Safety Expert Group hosted by the RCOG and consisting of members of the RCOG, NHS England and RCM. First meeting December 2013.
- New Patient Engagement and Public Involvement Facilitator has undertaken a programme of work strengthening patient representation across the College and preparing for Women's Voices Involvement Panel planned for 2014. Successfully accessed Google Grants to support Patient Information search online.
- RCOG Clinical Indicators Project major new report - "Patterns of Maternity Care in English Hospitals" published 2nd May 2013, presented a series of clinical indicators to compare the performance of English maternity units as a major step towards the development of a balanced suite of indicators. It will allow benchmarking of units and be used as a tool for improvement. The Care Quality Commission is considering its use when conducting hospital inspections in England.
- Set up the RCOG Central Policy Unit in May and now fully functioning and having regular contact with the Department of Health and other agencies. Organised RCOG participation in the Health Hotel at all three political party autumn conferences.
- Intercollegiate group developed recommendations on Female Genital Mutilation for health and social care professionals, released November 2013.
- RCOG response to the Francis Report published in June 2013, the *Manifesto for Change* focused on what O&G speciality needs to do to improve quality of care for the patient and restore confidence in the NHS.
- Introduced new governance structure for the College with the creation of a new Board of Trustees and updated Officer role descriptions.

Public Benefit

The Trustees confirm that they have considered the Charity Commission's guidance on Public Benefit in determining the strategy for achieving the charity's aims and objectives. The identifiable benefits women receive include the specialist clinical care made possible through the education of doctors. Women also benefit from service improvements through the setting of standards, our participation in research and audit and our collaborative work with other educational providers, service bodies and policy makers in health. The number of doctors successfully qualifying in the speciality, and the tangible use of our standards to improve care, confirm that these benefits are being achieved. The general public and health professionals can access information via our website.

While the College is a professional and educational body, the ultimate beneficiaries of our work are women and their families in all the countries where our clinicians work and also where the College delivers targeted help in under-resourced regions.

Plans for the future

The Strategic Plan 2012-15 was reviewed during the course of the year, and will be refined during 2014. The existing Strategic Plan is:

1. *To ensure outstanding professionalism* in all matters affecting the provision of quality health care for women
2. *To promote Global Advocacy* for women's health and childbirth
3. *To establish access to trained specialists* ensuring high quality care for women at all times
4. *To enhance evidence-based practice* to ensure the highest quality of care
5. *To keep standard-setting and education provision* at the core of all RCOG work
6. *To develop leadership, both managerial and clinical,* within all aspects of the profession

Strategic Goal 1

To ensure outstanding professionalism in all matters affecting the provision of quality health care for women:

- RCOG leadership to become more proactive and engaged in pursuing the priorities of High Quality in Women's Health Care as key objectives
- RCOG to become the recognised centre of women's health in the UK
 - o RCOG is promoted and accepted as the college of women's health
 - o New model of community women's health care with RCGP and FSRH
 - o Sussex Place provides a forum for professional bodies with a interest in / focus on Women's Health
- Develop a Central Policy Unit (CPU)

Strategic Goal 2

To promote Global Advocacy for women's health and childbirth:

- Enhance the communications of the College by:
 - o More effective communication to the membership
 - o Strategic invitations to College events
 - o Up-to-date contact list accessible to relevant people
 - o Encourage and support Officers and Senior Fellows to act as Ambassadors
 - o Meet and influence policy-makers in government
- Learn more about advocacy from other Colleges
- Restructure committees reporting to a new Global Health Board and agree regional priorities and topic priorities to direct work
- Enhance the place and functionality of the Women's Network within the College

Strategic Goal 3

To establish access to trained specialists ensuring high quality care for women at all times:

- 'Tomorrow's Specialist' Report to develop and further our aspiration for consultant-delivered care.
- A curriculum to support the education of high quality medical staff
 - Working with Regulator to agree curriculum development
 - Enhancing links with Specialist Societies to develop curriculum.
- Education & development activities to support F&M throughout career via a meaningful CPD programme.
- Continue to define and refine clinical standards and support their implementation.
- Review and update the RCOG's approach to service reviews, clinical performance and revalidation.
- Develop a system of accrediting Women's Health Services (RCOG kite-mark) to demonstrate best practice.
- Developing Faculty as Educators through the work of the new Faculty Development Committee and the eventual establishment of an "RCOG Academy".
 - Extend RCOG educational activities to other professionals.
 - Establish joint education topics in collaboration with the RCM
 - Explore the provision of post-DRCOG e-learning resources in collaboration with the RCGP
 - Review the status of Diplomates/Associates/Affiliates and the new postnominal category of ARCOG

Strategic Goal 4

To enhance evidence-based practice to ensure the highest quality of care:

- Building on the established Office of Research and Clinical Audit, develop a Clinical Effectiveness Unit within the College.
- Develop a repository of workforce and clinical outcome data using currently available data (HES, NN4B, birth registration) and locally collected data, to create a comprehensive information source.
- In addition to currently available data sets, work with key partners to use other quality indicators:
 - Complaints / investigation reports (GMC/NCAS/Ombudsman/RCOG reviews)
 - Litigation data (NHSLA)
 - Mortality versus Morbidity measures (CORP).
- Replicate Maternity Dashboard in Gynaecology using specific outcome metrics in range of care.
- Support local audit of an agreed number of RCOG Guidelines per year.
- Develop RCOG Guideline App / Logbook system for data collection for CPD and appraisal.
- Promote outcome, audit and data collection through timely and effective feedback.

Strategic Goal 5

To keep standard-setting and education provision at the core of all RCOG work:

- Establish a Working Party to review the position of the MRCOG in the UK Specialty Training Programme, including its current format and international applicability.
- Increase the number of MRCOG candidates by a targeted marketing campaign.
- Increase the pass rates for Part 1 and Part 2 MRCOG by the provision of blended learning packages combining new e-learning materials, StratOG.net and tailored face-to-face preparatory courses.
- Develop a work-force planning tool using case-mix data on intensity, with lessons from Birthrate Plus.
- Link standards, guidelines and outcomes with the Curriculum in timely fashion.
- Support the introduction of revalidation and develop a comprehensive Speciality Advice Service.

Strategic Goal 6

To develop leadership, both managerial and clinical, within all aspects of the profession:

- Develop leadership modules of the curriculum that have GMC approval and link to revalidation.
- Explore links with the Faculty of Leadership and Management to support identified College projects and the development of the new central policy unit.
- Leadership development strategy throughout career:
 - o Utilising evidence and recommendations from 'Tomorrow's Specialist' Report
 - o Peer-review of leadership programme leading to agreed strategy
 - o Work with providers of leadership programmes to provide a menu of longitudinal training, e.g. e-learning, face-to-face, mentoring
 - o Leadership in management & training
 - o Certification/Masters programmes
- Acknowledge leadership training as a criterion for College appointments: Committee membership, Committee Chairs and Officers.

Principal Risks and Uncertainty

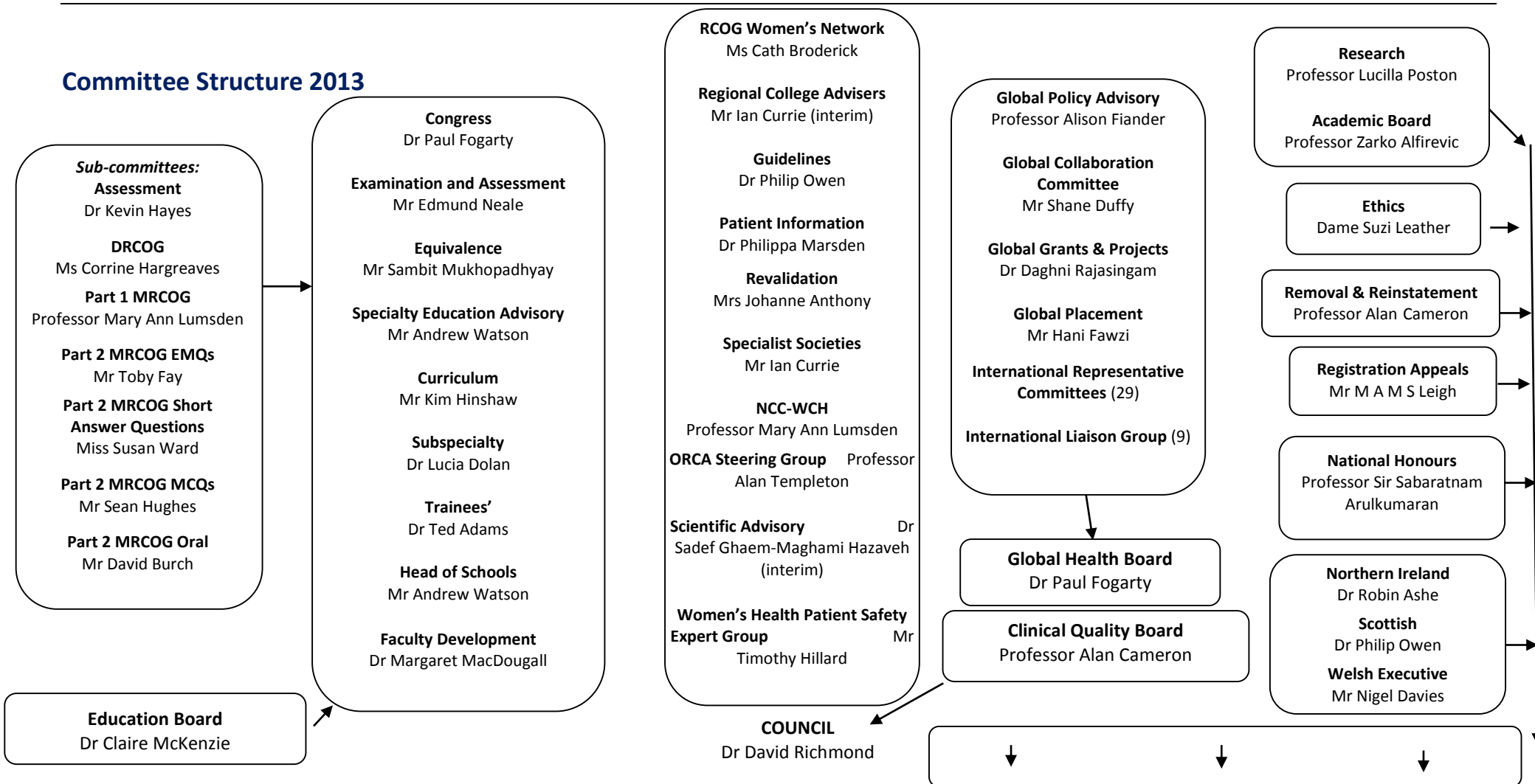
The Audit & Risk Committee, as part of its duties, oversees risk management activity at the College. These activities include identifying the major risks faced by the College and ensuring that appropriate systems and controls are in place to mitigate the risks identified. Risk management is viewed as a dynamic cycle of assessment, action and review. The Audit & Risk Committee reports directly to the Trustees.

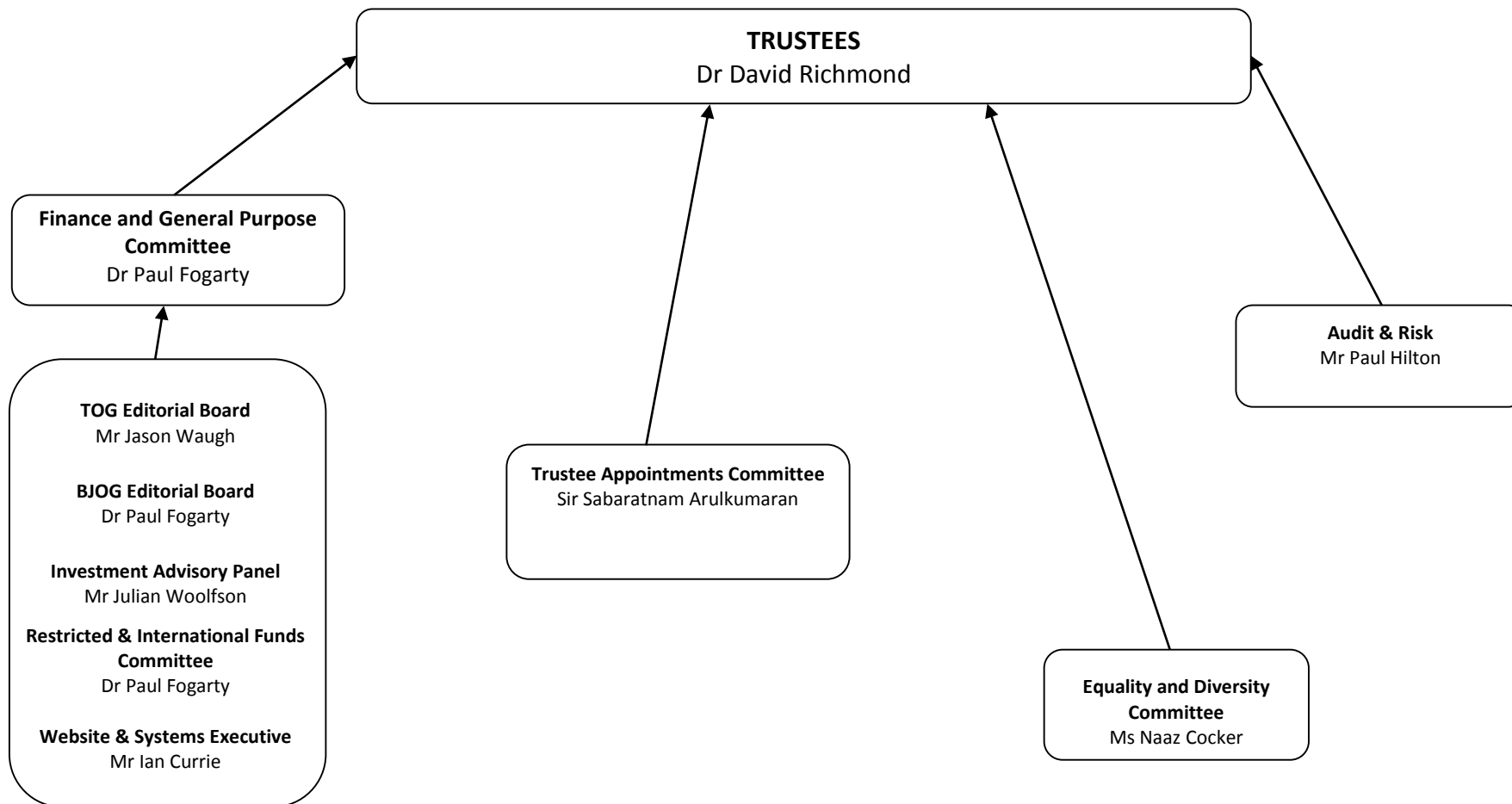
The three most significant risks identified are:

- The effect of the Defined Benefit Pension Liability

- Managed through the appointment of a professional chair to the multi-employer scheme; the engagement of all employers within the scheme; and the recognition of the scheme as a significant financial liability requiring long term financial planning.
- The loss of the website for an extended period
 - Managed by re-design of the corporate site and the re-building of the CPD and StratOG sections on a modern platform. Both of these sites are expected to go live in 2014.
- Loss or theft of confidential information from the College
 - Managed through the formation of an Information Governance Steering Group tasked with achieving IG toolkit compliance within 2014.

Committee Structure 2013





Financial Review

Report from the Vice President, Strategic Development

2013 Overview

It remains essential to establish and maintain a strong financial and business model to support and prioritise all the of the RCOG's key strategic objectives and to allow the College to build for the future.

I am pleased to report that, despite the considerable challenges within the economic climate, we have ended the year with a positive operational surplus of £951,509 (2012: £578,317).

This surplus was generated as a result of a number of activities. The Liverpool Congress in June 2013 was the most successful of its kind in the College's history. The RCOG booklist was sold to Cambridge University Press, initiating a partnership with great promise for the future. RCOG Trading Limited increased its turnover through energised marketing and excellent word of mouth. In parallel with these income successes, cost control over the year has remained exceptionally tight, without sacrificing investment where it has been required.

Policy on Reserves

To help clarify a perception that RCOG has reserves to spend of £28,075,160, it is important to recognise that the total reserves include endowments, restricted funds and fixed assets, the largest of which is the building, which is not actually owned by the College. Only a small proportion of the reserve is backed by unrestricted, freely realisable cash.

In order to support its ongoing commitments and its contractual obligations, RCOG maintains a free reserve at the level of 6 - 9 months of running costs. This reserve allows RCOG to properly manage risk and to be capable of realising unforeseen opportunities that may arise from time to time.

At 31 December 2013, the free reserves amounted to £7,945,789 (2012: £7,674,252) (see note 16 on page 40). This represents approximately 9 months of the 2014 budgeted running costs. These funds are now invested in short and medium term vehicles and continue to generate a small but steady income.

The Trustees annually review the amount of free reserves, to ensure that they are sufficient to manage the business.

The total of free reserves is calculated as follows:

	2013	2012
General Funds	8,263,928	7,853,659
Less General Funds represented by Plant, Furniture and Equipment	(318,139)	(179,407)
Total free reserves	£7,945,789	£7,674,252

Designated funds

Designated funds reflect a total of £11,698,881 (2012: £11,630,232), which includes the heritage fund of £300,000, representing the valuation of those historic donations of furniture, books, pictures and equipment which need to be included in the balance sheet under SORP 2005, and £9,431,196 leasehold property fund held for continuing use by the College. Details on all remaining funds are included in notes 17 to 18 on pages 41 to 47 of the Annual Accounts.

Investments

Policy

The key investment objectives within RCOG's formal investment policy statement are as follows:

- RCOG seeks to produce the best financial return within an acceptable level of risk.
- The investment objective of the endowments (considered long term) is to balance income and capital returns. The assets should be managed to at least maintain the real capital value of the endowments, whilst generating a sustainable level of investment income to support the current charitable activities.
- The investment objective of the restricted reserves (considered long term) is to generate a total return in excess of inflation over the long term whilst generating income to support the on-going activities defined by the restrictions.
- The unrestricted reserves (at present considered short term), and particularly the free reserves, should be invested emphasising certainty of value. The investment objective is to preserve the capital value with a minimum level of risk. Assets should be readily available to meet unanticipated cash flow requirements.

RCOG has an ethical investment policy to ensure that its investments do not conflict with its aims. This precludes direct investment in tobacco production, companies that manufacture arms or those that aggressively market breast milk substitutes. RCOG understands that when entering into certain pooled and diversified growth funds, it is unable to control the detailed stock allocation.

Fund Management

Funds managed by Newton Investment Management (NIM) showed a total surplus return of 5.93% for the year. Funds managed in year by Blackrock showed a total surplus return of 7.89% for the year.

The total market investment portfolio grew by 27%, from £11,423,185 in 2012 to £14,515,814 in 2013.

A final donation of £731,582 was received in 2013 from the late Lindsay Stewart. This was added to the previous donations received in 2011 and 2012 that make up the restricted Lindsay Stewart Fund. The totality of the Fund is to be invested with NIM and Blackrock.

The Investment and Advisory Panel has continued to monitor the effectiveness of its investments in order to obtain maximum growth within the remit of its investment policy and risk tolerance.

Further details on investments can be found in note 13 on page 39 of the Annual Accounts.

Performance of trading company

The College has a commercial arm, RCOG Trading Limited, whose principal activities includes the hire of rooms and the provision of catering facilities and accommodation provided by the Domus. The trading company generated a surplus of £595,543 (2012: £551,437), which was gifted in its entirety to the RCOG charity. These results are consolidated into the accounts of the College. External lettings and associated income was up by 11% and Domus income up by 6%, on 2012. This upturn was due to the focused marketing of facilities and the development of the offering.

Pensions

The College operates two pension schemes: the Defined Contribution Scheme (DCS), which is open to all staff, and the Defined Benefit Scheme (DBS), both operated through a separate trustee-administered fund. The DBS was closed to new members in 2003. At 31 December 2013, the accounting liability was £932,000 (2012: asset £303,000). The considerable adverse movement is primarily due to the fall in the value of gilt yields and the corresponding effect on technical provisions. Further details of the schemes can be found in note 21 on pages 48 to 52 of the Annual Accounts.

Auditors

Sayer Vincent were appointed as auditors during the year.

Consolidated accounts statement

These accounts have been approved by the Trustees on 29 May 2014 and are signed on their behalf by



Professor Lesley Regan MD FRCOG

Vice President, Strategic Development

Independent auditors' report

To the Trustees of

Royal College of Obstetricians and Gynaecologists

We have audited the financial statements of the Royal College of Obstetricians and Gynaecologists for the year ended 31 December 2013 which comprise the consolidated statement of financial activities, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act and in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Trustees 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 charity and the charity's Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditors

As explained more fully in the Statement of the Trustees' responsibilities set out in the report of the Council, the Trustees is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011, section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).

Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2013 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent auditors' report

To the Trustees of

Royal College of Obstetricians and Gynaecologists

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Sayer Vincent LLP

2 June 2014

Sayer Vincent LLP, Statutory Auditors, 8 Angel Gate, City Road, LONDON EC1V 2SJ

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

Royal College of Obstetricians and Gynaecologists

Consolidated statement of financial activities

For the year ended 31 December 2013

	Note	Endowment £	Restricted £	Unrestricted £	2013 Total £	2012 Total £
Incoming resources						
Generated Funds	2	736,962	120,737	2,151,435	3,009,134	2,665,475
Charitable activities	3	-	468,597	10,952,983	11,421,580	10,841,441
Total incoming resources		<u>736,962</u>	<u>589,334</u>	<u>13,104,418</u>	14,430,714	<u>13,506,916</u>
Resources expended						
Costs of generating voluntary income		-	-	926,955	926,955	838,056
Charitable activities		-	517,320	11,960,737	12,478,057	12,032,190
Governance costs		-	-	74,193	74,193	58,353
Total resources expended	5	<u>-</u>	<u>517,320</u>	<u>12,961,885</u>	13,479,205	<u>12,928,599</u>
Net incoming resources before transfers		736,962	72,014	142,533	951,509	578,317
Gross transfers between funds	17/18	<u>(74,962)</u>	<u>77,600</u>	<u>(2,638)</u>	-	-
Net incoming resources before other recognised gains and losses	7	662,000	149,614	139,895	951,509	578,317
Other recognised gains						
Gains on investment assets (Losses)/gains on defined benefit pension scheme	13	236,821	78,636	291,023	606,480	752,947
	21	<u>-</u>	<u>-</u>	<u>(1,187,000)</u>	(1,187,000)	405,000
Net movement in funds	17/18	898,821	228,250	(756,082)	370,989	1,736,264
Reconciliation of funds						
Total funds brought forward		<u>5,685,865</u>	<u>2,231,415</u>	<u>19,786,891</u>	27,704,171	<u>25,967,907</u>
Total funds carried forward	16	<u>6,584,686</u>	<u>2,459,665</u>	<u>19,030,809</u>	28,075,160	<u>27,704,171</u>

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 Notes 17 and 18 to the financial statements.

Royal College of Obstetricians and Gynaecologists

Balance sheet

For the year ended 31 December 2013

	Note	Consolidated		Charity	
		2013	2012	2013	2012
		£	£	£	£
Fixed assets					
Tangible fixed assets	11	10,049,335	10,135,155	10,049,335	10,135,155
Investments	13	14,515,838	11,749,293	14,515,840	11,749,295
		24,565,173	21,884,448	24,565,175	21,884,450
Current assets					
Stocks		50,844	246,153	8,802	197,537
Debtors	14	980,139	1,198,667	870,482	1,097,006
Cash at bank and in hand		6,485,139	6,609,623	6,485,139	6,608,947
		7,516,122	8,054,443	7,364,423	7,903,490
Liabilities					
Creditors: amounts falling due within one year	15	(3,074,135)	(2,537,720)	(2,922,438)	(2,386,769)
Net current assets		4,441,987	5,516,723	4,441,985	5,516,721
Total net assets excluding pension liability	16	29,007,160	27,401,171	29,007,160	27,401,171
Pension (liability)/asset	21	(932,000)	303,000	(932,000)	303,000
Total net assets including pension liability		28,075,160	27,704,171	28,075,160	27,704,171
Capital funds					
Permanent endowment funds	17	5,016,820	4,814,024	5,016,820	4,814,024
Expendable endowment funds		1,567,866	871,841	1,567,866	871,841
		6,584,686	5,685,865	6,584,686	5,685,865
Income funds					
Restricted funds	18	2,459,665	2,231,415	2,459,665	2,231,415
Unrestricted funds					
General funds		8,263,928	7,853,659	8,263,928	7,853,659
Designated funds		11,698,881	11,630,232	11,698,881	11,630,232
Total funds excluding Pension Fund		29,007,160	27,401,171	29,007,160	27,401,171
Pension fund		(932,000)	303,000	(932,000)	303,000
Total charity funds		28,075,160	27,704,171	28,075,160	27,704,171

Approved by the Trustees on 29 May and signed on its behalf by



Professor Lesley Regan MD FRCOG
Vice President, Strategic Development

Royal College of Obstetricians and Gynaecologists

Consolidated cashflow statement

For the year ended 31 December 2013

	£	2013 £	£	2012 £
Net cash flow from operating activities		2,042,847		504,177
Returns on investments & servicing of finance				
Interest received	108,298		138,406	
Dividends received	157,892		207,799	
		266,190		346,205
Capital expenditure & financial investment				
Acquisition of tangible fixed assets	(309,260)		(43,717)	
Disposal of tangible fixed assets	35,804		-	
Disposal of fixed asset investments	7,838,876		5,542,285	
Purchase of fixed asset investments	(10,325,025)		(5,638,371)	
		(2,759,605)		(139,803)
Net cash flow		(450,568)		710,579

Notes to the cashflow statement

1. Reconciliation of net incoming resources to net cash flow from operating activities

	2013 £	2012 £
Net incoming/(outgoing) resources for the year	951,509	578,317
FRS17 Pension Adjustments	48,000	(59,000)
Investment income receivable	(266,190)	(346,205)
Decrease/(Increase) in debtors	218,528	(114,939)
Decrease in stock	195,309	87,324
Increase/(decrease) in creditors	536,415	(37,108)
Depreciation	359,276	395,788
Net cash flow from operating activities	2,042,847	504,177

2. Analysis of change in net debt

	At 1 January 2013 £	Cash flows £	At 31 December 2013 £
Cash at bank and in hand	6,609,623	(124,484)	6,485,139
Cash held by investment managers	326,108	(326,084)	24
	6,935,731	(450,568)	6,485,163

Notes to the financial statements

For the year ended 31 December 2013

1 Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Charities Act 2011. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).

Consolidated financial statements have been prepared which include the College and its wholly owned trading subsidiary.

In accordance with the provisions of the Charities SORP, a statement of financial activities for the College alone has not been prepared.

The parent charity's gross income was £13,072,000 (2012: £12,176,000) with net movement in funds of (£396,000) (2012: £1,053,000)

- b) Income is accounted for on a receivable basis.

Subscription income received in advanced is deferred. Re-instatement fees are added to subscription income when received.

Examination fee income, postgraduate meeting income and the related expenditure is included in the year in which the examinations and meetings are held.

Income from the hire of facilities and the provision of catering is recognised when the hire takes place. Deposits and other payments in advance of bookings are deferred.

Grant income is recognised when received or receivable, whichever is earlier, unless they relate to a specific future period in which case they are deferred.

Legacy income is recognised when the amount receivable is reliably known and the ultimate receipt is reasonably certain.

- c) The cost of generating funds comprises the costs of generating funds for the college including the expenditure of the trading subsidiary and investment manager's fees.

Expenditure incurred in connection with the specific objects of the charity is included in the cost of the charitable activities. Direct costs are allocated according to the nature of the work performed by each member of staff. Other direct costs are allocated to the activity to which they relate on an actual basis.

Support costs include the cost of service centres and the costs of Council and Trustees, the Finance and General Purpose Committee, Overseas Committee, Officer's expenses and all other Committees. Support costs other than finance costs are apportioned between costs of generating funds and charitable activities on the basis of time spent. Finance costs are apportioned based on the level of financial activity in each area as explained above.

Governance costs comprise the costs directly attributable to the governance of the College including audit costs and the necessary legal procedures for compliance with statutory requirements.

Irrecoverable VAT is included in finance costs, which are apportioned to departmental expenditure as explained above.

Notes to the financial statements

For the year ended 31 December 2013

1 Accounting policies (continued)

- d) General funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives of the College.

Designated funds comprise general funds which have been set aside at the discretion of the Finance and General Purpose Committee for specific purposes.

Restricted funds are funds subject to specific restrictions imposed by funders or by the purpose of the appeal.

Permanent endowment funds comprise monies which must be held indefinitely as capital. Income generated from the funds is applied towards specific or general purposes in accordance with the terms of the endowment.

Expendable endowment funds comprise monies which may be held indefinitely but which may, at the discretion of the Trustees, be converted to income under certain circumstances. Income generated from the funds is applied towards specific or general purposes as appropriate.

The purpose and use of the principal individual funds are set out in the notes to the financial statements.

All income and expenditure is shown in the statement of financial activities.

- e) Tangible fixed assets other than donated assets are initially recognised at cost including any incidental expenses of acquisition. The capitalisation limit was increased from £1,000 to £10,000 in 2013.

Depreciation is provided on all tangible fixed assets other than donated assets at rates calculated to write off the cost on a straight line basis over their expected useful life as follows:

Leasehold buildings	the lower of 50 years and the period of the lease
Plant	10 years
Furniture and fittings	5 years

Donated assets include historic donations of furniture, books, pictures and equipment by the late Professor Blair-Bell and others. Certain assets, which the College does not intend to sell, were professionally valued in 2008.

The remaining donated assets fulfil the definition of heritage assets according to FRS 30. The assets have not been included in the balance sheet because the cost of ascertaining their value would outweigh the benefit.

Notes to the financial statements

For the year ended 31 December 2013

1 Accounting policies (continued)

- f) Fixed assets received by way of legacy are included in incoming resources and capitalised initially at their probate value. Other assets received as gifts are initially recognised at their estimated market value at the time of receipt and were professionally valued in December 2008.

The ultimate realisable value of these items would, in the Trustees' opinion be equal to or greater than their book values and on this basis no depreciation charge is provided. The Trustees consider annually whether any circumstances exist which would impair the value of these assets and if necessary a provision for any such impairment will be made.

- h) Stocks are valued at the lower of cost and net realisable value. Library books are written off as expenditure is incurred.
- i) The defined benefit pension scheme assets are measured using market values. The scheme's liabilities are measured using the projected units actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The current service cost and any increase in the present value of the liabilities within the College's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expenses category (as outlined above) in respect to staff costs.

Actuarial gains and losses, in respect of the College's defined benefit scheme are recognised in the Statement of Financial Activities in recognised gains and losses for the period.

Contributions in respect of the College's defined benefit scheme are recognised in the Statement of Financial Activities in recognised gains and losses for the period.

- j) The costs of operating leases are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

2 Generated funds

	Endowment £	Restricted £	Unrestricted £	2013 Total £	2012 Total £
RCOG Trading Limited	-	-	1,358,617	1,358,617	1,330,762
Investment income	5,380	85,136	175,674	266,190	346,205
Donations and legacies	731,582	35,601	37,500	804,683	266,534
Accommodation and service charges	-	-	192,286	192,286	266,800
Other income	-	-	387,358	387,358	455,174
Total	736,962	120,737	2,151,435	3,009,134	2,665,475

3 Incoming resources from charitable activities

	Endowment £	Restricted £	Unrestricted £	2013 Total £	2012 Total £
Charitable activities					
Conferences and meetings	-	-	2,310,552	2,310,552	1,589,197
Examinations	-	-	2,356,641	2,356,641	2,383,287
International initiatives	-	56,800	-	56,800	202,480
Fellows and Members	-	-	3,201,530	3,201,530	3,378,747
Standards and clinical governance	-	359,684	167,659	527,343	489,473
Education and training initiatives	-	52,113	368,848	420,961	422,981
NCC WCH	-	-	1,671,786	1,671,786	1,575,058
BJOG	-	-	875,967	875,967	800,218
Total	-	468,597	10,952,983	11,421,580	10,841,441
Total Incoming Resources	736,962	589,334	13,104,418	14,430,714	13,506,916

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

4 Trading Income and Expenditure

The College owns 100% of RCOG Trading Limited, whose main activities include the hire of facilities owned by the Royal College of Obstetricians and Gynaecologists and the provision of catering. It donates its taxable profits to the College under gift aid. Trading results extracted from its audited financial statements are shown below:

Profit and loss account	2013	2012
	£	£
Turnover	1,395,957	1,358,907
Cost of sales	<u>(525,252)</u>	<u>(554,625)</u>
Gross profit	870,705	804,282
Administrative expenses	<u>(275,162)</u>	<u>(252,845)</u>
Operating profit	<u>595,543</u>	<u>551,437</u>
Profit on ordinary activities before taxation	595,543	551,437
Taxation	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation	595,543	551,437
Gift aid donation to Royal College of Obstetricians and Gynaecologists	<u>(595,543)</u>	<u>(551,437)</u>
Profit for the financial year	<u><u>-</u></u>	<u><u>-</u></u>
Balance sheet		
Debtors	203,158	189,575
Stock	42,042	48,615
Cash at bank	<u>-</u>	<u>675</u>
	245,200	238,865
Creditors: amounts falling due within one year	<u>(245,198)</u>	<u>(238,863)</u>
Net assets	2	2
Share Capital	2	2
Profit and loss account	<u>-</u>	<u>-</u>
	2	2
Capital and reserves as at 31 December 2013	<u><u>2</u></u>	<u><u>2</u></u>

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

5 Resources expended

	Restricted	Unrestricted	2013 Total	2012 Total
	£	£	£	£
<i>Costs of generating funds:</i>				
RCOG Trading Limited	-	591,755	591,755	647,322
Investment management costs	-	-	-	27,466
Accommodation and service charges	-	211,453	211,453	163,268
Development		123,747	123,747	-
<i>Charitable activities</i>				
Conference and Meetings	-	1,999,804	1,999,804	1,525,070
Examinations	-	1,333,758	1,333,758	1,572,997
International initiatives	34,196	533,705	567,901	724,463
Fellows and Members	-	2,831,627	2,831,627	2,762,535
Standards and Clinical Governance	208,653	1,178,373	1,387,026	1,391,866
Education and Training Initiatives	45,950	1,658,284	1,704,234	1,613,436
NCC WCH	-	1,603,965	1,603,965	1,547,629
British Journal of Gynaecology	-	739,909	739,909	719,305
Special funds	228,521	81,312	309,833	174,889
<i>Governance costs</i>	-	74,193	74,193	58,353
Total resources expended	517,320	12,961,885	13,479,205	12,928,599

6. Support Costs

	Staff Costs	Other costs	2013 Total	2012 Total
	£	£	£	£
Officers, Council and Administration	563,729	266,328	830,057	1,252,483
Finance	230,286	211,468	441,754	628,344
Facilities and Premises	499,811	879,052	1,378,863	1,311,586
Other:				
Depreciation	-	395,081	395,081	395,788
IT	390,644	171,751	562,395	538,745
Personnel/Pension	213,496	161,215	374,711	345,527
	1,897,966	2,084,895	3,982,861	4,472,473

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

6. Support Costs (continued)

Support costs are allocated to charitable activities as follows:

	Officers, Council and Administration £	Finance £	Facilities and Premises £	Other £	2013 £	2012 £
Conferences and meetings	84,050	80,039	139,622	134,895	438,606	542,214
Examinations	90,054	98,059	149,595	144,531	482,239	687,358
International initiatives	51,991	10,972	86,366	83,442	232,771	300,976
Fellows and Members Standards and Clinical Governance	219,732	172,131	365,011	352,655	1,109,529	1,278,472
	140,484	41,600	233,367	225,468	640,919	588,315
Education and Training Initiatives	187,312	38,953	311,157	300,624	838,046	855,558
British Journal of Gynaecology	32,419	-	53,854	52,031	138,304	99,918
Accommodation & Service charges	24,014	-	39,892	38,541	102,447	119,662
2013 Total	830,056	441,754	1,378,864	1,332,187	3,982,861	4,472,473
2012 total	1,252,483	628,345	1,311,585	1,280,060	-	4,472,473

All support costs have been allocated on the basis of time spent by College staff, with the exception of finance costs which have been allocated based on the level of financial activity in each area.

British Journal of Gynaecology

The position at 2013 shows support costs of £138,304 (2012 - £99,918) following a reallocation of total direct expenditure associated with the journal.

Notes to the financial statements

For the year ended 31 December 2013

7. Net incoming resources before other recognised gains and losses

This is stated after charging:	2013	2012
	Total	Total
	£	£
Auditors' remuneration		
▪ Audit services - College	20,400	14,500
▪ Audit services - subsidiary	3,600	5,000
▪ Other services	14,285	4,163
Operating lease rentals and buildings		
▪ Land	144,000	144,000
▪ Other	31,043	15,801

8. Staff costs and numbers

Staff costs were as follows:

	2013	2012
	£	£
Salaries and wages	5,003,461	5,047,401
Social security costs	520,291	482,521
Pension contributions	484,660	371,254

6,008,412 5,901,176

Total emoluments paid to staff were:

5,488,121 5,418,655

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2013	2012
	No.	No.
	139	136
	139	136

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2013	2012
	No.	No.
£60,001 - £70,000	6	3
£70,001 - £80,000	2	3
£80,001 - £90,000	1	-
£120,001 - £130,000	1	1

9. Council Members and trustees

The Council members received no emoluments or other personal benefits during the year (2012: £Nil).

The charity paid for trustees indemnity insurance at the cost of £14,840 (2012: £14,700)

Out of pocket expenses were reimbursed to Council Members, in their capacity as Trustees, as follows:

	2013	2013	2012	2012
	Number	£	Number	£
Travel and subsistence	39	206,874	36	223,905

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

10. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11. Tangible Fixed Assets

Consolidated and charity	Leasehold Buildings £	Plant, Furniture & Equipment £	Donated Assets £	Total £
Cost				
At the start of the year	12,740,329	5,689,862	300,000	18,730,191
Additions in year	-	309,260	-	309,260
Disposals in year	-	(4,555,566)	-	(4,555,566)
At the end of the year	<u>12,740,329</u>	<u>1,443,556</u>	<u>300,000</u>	<u>14,483,885</u>
Depreciation				
At the start of the year	3,084,581	5,510,455	-	8,595,036
Charge for the year	224,552	134,724	-	359,276
Disposals in year	-	(4,519,762)	-	(4,519,762)
At the end of the year	<u>3,309,133</u>	<u>1,125,417</u>	<u>-</u>	<u>4,434,550</u>
Net book value				
At the end of the year	<u>9,431,196</u>	<u>318,139</u>	<u>300,000</u>	<u>10,049,335</u>
At the start of the year	<u>9,655,748</u>	<u>179,407</u>	<u>300,000</u>	<u>10,135,155</u>

The College undertook a review of fixed assets in the year. This resulted in increasing the capitalisation limit to a more appropriate level of £10,000. In addition, assets brought forward with a cost of less than £10,000 and other assets no longer in use, were disposed of in the financial statements.

The College has certain donated assets which were previously regarded as historic and inalienable and did not have to be included on the College's balance sheet. The donated assets have been stated at £300,000, based on a professional valuation by Messrs Bonhams in 2008.

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

12. Heritage Assets

The College maintains a number of historic assets held for their heritage, scientific importance and contribution to the educational advancement in women's health. These items hold an intrinsic value to the business of the College.

The Heritage items mainly include books, sculptured busts and portraits of past Presidents and instruments used in the historic application and study of Obstetricians and Gynaecologists. Many of the portraits remain on display around the College and a small sample of the instruments held form part of the display in the College museum. The remaining collections are held in appropriate environmentally controlled conditions on the premises.

The College maintains a central electronic catalogue of Heritage items which is reviewed and updated at least annually by the Operations Director and Archivist & Records Manager.

Council does not believe that a reasonable valuation can be placed on those donated assets which are held as heritage assets and which have not been capitalised.

Expenditure which, in the Trustees view, is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the statement of financial activities when incurred.

Because of the uniqueness, substance and direct affiliation of these heritage assets with the College, conventional market valuation would lack the true value imparted and comparisons on which to base this value are unlikely be reflected in the open market. As a result, these items are not recognised in the balance sheet of the College.

13. Fixed Asset Investments

	2013	2012
	£	£
Consolidated		
Market value as at 1 January 2013	11,423,185	10,574,152
Additions	10,325,025	5,638,371
Disposals (proceeds £7,838,875; gains £106,380)	(7,732,495)	(5,252,400)
Net unrealised investment gains/(losses)	<u>500,099</u>	<u>463,062</u>
Market value as at 31 December 2013	<u>14,515,814</u>	<u>11,423,185</u>
Cash held by investment managers for reinvestment	<u>24</u>	<u>326,108</u>
Cost of listed investments at 31 December 2013	<u>13,981,171</u>	<u>10,987,709</u>

Charity investments include the above amounts, together with the College's investment in the trading subsidiary of £2.

Significant investments were as follows:

	2013	2012
	£	£
MFM Newton Real Return Income Fund	8,406,475	7,607,924
BIJF Dynamic Diversified Growth Fund	6,109,339	3,657,986
	<u>14,515,814</u>	<u>11,265,910</u>

Listed Investments held at 31 December 2013 comprised the following:

UK based unit trusts	8,406,475	7,607,924
UK based equity funds	6,109,339	3,815,261
	<u>14,515,814</u>	<u>11,423,185</u>

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

14. Debtors	Consolidated		Charity	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	467,510	459,955	360,812	420,659
Other debtors	281,972	463,115	279,013	400,750
Prepayments and accrued income	230,657	275,597	230,657	275,597
	980,139	1,198,667	870,482	1,097,006

15. Creditors: amounts falling due within one year	Consolidated		Charity	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	436,088	486,080	380,315	443,770
Amounts owed to subsidiary	-	-	93,501	87,916
Taxation and social security	362,303	332,341	357,807	326,357
Accruals	563,432	395,680	557,950	390,429
Deferred income	1,712,312	1,323,619	1,532,865	1,138,297
	3,074,135	2,537,720	2,922,438	2,386,769

16. Analysis of net assets between funds

	Endowment funds	Restricted funds	Designated funds	General funds	Total funds
	£	£	£	£	£
Tangible Fixed Assets	-	-	9,731,196	318,139	10,049,335
Investments	6,069,892	1,951,668	571,119	5,923,159	14,515,838
Cash at bank	514,794	507,997	1,396,566	4,065,782	6,485,139
Net current assets	-	-	-	(2,043,152)	(2,043,152)
Net assets excluding pension liability at the end of the year	6,584,686	2,459,665	11,698,881	8,263,928	29,007,160

Notes to the financial statements

For the year ended 31 December 2013

17. Movements in endowment funds

The capital of the following permanent endowment funds must be preserved, although the income may be used in accordance with the terms of the endowments.

	At January 2013 £	Incoming resources £	Investment Gains/ (Losses) £	Transfers £	At 31 December 2013 £
Permanent endowments					
Edgar Research - Jean Ethel Gentilli Scholarship	2,297,524	-	96,786	-	2,394,310
Florence and William Blair Bell	996,551	-	41,981	-	1,038,532
Sims Black Travelling Professors	964,260	-	40,620	-	1,004,880
Thomas Watts Eden Fellowship Green Armytage and Spackman	249,700	-	10,519	-	260,219
Travelling Scholarship Fund	121,755	-	5,129	-	126,884
Green Armytage Anglo American	30,059	-	1,266	-	31,325
Tim Chard Prize Fund	28,185	-	1,187	-	29,372
Florence Blair - Bell Art Fund	26,916	-	1,134	-	28,050
William Blair - Bell Memorial	25,894	-	1,091	-	26,985
Victor Bonney Prize Fund	24,686	-	1,040	-	25,726
James Wyatt Dining Fund	13,696	-	577	-	14,273
JY Simpson Oration Fund	12,706	-	535	-	13,241
William Meredith Fletcher Shaw	12,244	-	516	-	12,760
Sir Eardley Holland Medal fund	9,848	-	415	-	10,263
	<u>4,814,024</u>	<u>-</u>	<u>202,796</u>	<u>-</u>	<u>5,016,820</u>
Expendable endowments					
President's Fund	179,652	2,245	7,568	(19,927)	169,538
President's Global Health Fund	250,000	3,125	10,532	(15,000)	248,657
Ethicon Foundation Fund	139,835	-	5,891	(13,011)	132,715
Lindsay Stewart Fund	302,354	731,592	10,034	(27,024)	1,016,956
	<u>871,841</u>	<u>736,962</u>	<u>34,025</u>	<u>(74,962)</u>	<u>1,567,866</u>
Total endowment funds	<u>5,685,865</u>	<u>736,962</u>	<u>236,821</u>	<u>(74,962)</u>	<u>6,584,686</u>

17. Movements in endowment funds (continued)

Permanent endowments

Edgar Research - Jean Ethel Gentilli Scholarship

For the provision of travel for candidates of high academic standing to participate in research.

Florence and William Blair-Bell Memorial Fund

To fund fellowships with the object of bridging the widening gap between scientific research and clinical practice.

Sims Black Travelling Fund

For the provision of travel awards to lecture, teach or engage in research in Obstetrics or Gynaecology.

Thomas Watts Eden Fellowship

For the provision of travelling expenses of medical graduates of not less than two years standing to any approved UK or Commonwealth University for participation in a research project.

Green Armytage and Spackman Travelling Scholarship Fund

To fund a scholarship to encourage the study and to advance the science and art of obstetrics and gynaecology.

Green Armytage Anglo American

To award a lectureship biennially, alternatively between a British and an American lecturer

Tim Chard Prize fund

To fund the Tim Chard Case History Prize endowed by St Bartholomew Hospital Trust and the Royal London School of Medicine and Dentistry to mark the late Professor Tim Chard's contribution to 3q3 Obstetrics and Gynaecology.

Florence Blair-Bell Art fund

To purchase antique furniture, ornaments, pictures and books printed before 1937

William Blair-Bell Memorial

To pay honorariums and contribute to travelling expenses for two lectures.

Victor Bonney Prize fund

To pay honorariums and contribute to travelling expenses for two lectures.

James Wyatt Dining fund

To provide a dinner for for the Council every 2 years

JY Simpson Oration fund

To fund the delivery of an annual lecture

William Meredith Fletcher Shaw Memorial Lectureship

For awarding a lectureship to a senior Fellow of the College

Sir Eardley Holland Medal fund

For awarding a gold medal once every five years for outstanding original work

Expendable Endowments

President's Fund

To fund exceptional items of expenditure at the President's discretion.

President's Global Health fund

The fund is to be used to pump prime the initiation of the RCOG International fundraising strategy

Lindsay Stewart Research and Development Fund

To support the ongoing and future health service research activities of the College.

Ethlcon Foundation Fund

For the provision of travel awards to enable members to attend postgraduate training courses, centres for research and similar.

Notes to the financial statements

For the year ended 31 December 2013

18. Movements in income funds	At the start of the year £	Incoming resources £	Outgoing resources £	Net Investment Gains £	Transfers £	At the end of the year £
Restricted funds						
Scholarship and lecture funds						
Lockyer Travelling Fellowship	847,925	10,598	(61,722)	35,720	-	832,521
Bernhard Baron Scholarship Fund	329,932	4,124	(9,414)	13,899	-	338,541
Sims Black Travelling Professors Fund	207,096	14,640	(2,764)	8,724	-	227,696
Thomas Watts Eden Fellowship	36,874	3,582	(462)	1,553	-	41,547
Other funds	<u>31,260</u>	<u>2,765</u>	<u>(904)</u>	<u>1,334</u>	<u>1,116</u>	35,571
	<u>1,453,087</u>	<u>35,709</u>	<u>(75,266)</u>	<u>61,230</u>	<u>1,116</u>	1,475,876
Research funds						
Sir William Gilliatt Memorial Fund	134,787	1,685	(34,827)	5,678	-	107,323
Edgar Research -Jean Ethel Gentilli	62,178	29,492	(622)	2,619	-	93,667
Florence and William Blair-Bell Memorial Fund	<u>79,566</u>	<u>13,450</u>	<u>(199)</u>	<u>3,352</u>	<u>-</u>	96,169
	<u>276,531</u>	<u>44,627</u>	<u>(35,648)</u>	<u>11,649</u>	<u>-</u>	297,159
Other special purpose funds						
Marjorie Kuck	37,429	-	(17,108)	-	-	20,321
Millenium Endometriosis Fund	25,460	318	(5,370)	1,073	-	21,481
President's Fund	-	-	(34,927)	-	34,927	-
Other funds	<u>179,435</u>	<u>30,465</u>	<u>(60,203)</u>	<u>4,684</u>	<u>41,557</u>	195,938
	<u>242,324</u>	<u>30,783</u>	<u>(117,608)</u>	<u>5,757</u>	<u>76,484</u>	237,740
Government grants						
Other government grants	<u>259,473</u>	<u>478,215</u>	<u>(288,798)</u>	<u>-</u>	<u>-</u>	448,890
	<u>259,473</u>	<u>478,215</u>	<u>(288,798)</u>	<u>-</u>	<u>-</u>	448,890
Total restricted funds	<u>2,231,415</u>	<u>589,334</u>	<u>(517,320)</u>	<u>78,636</u>	<u>77,600</u>	2,459,665

18. Movements in income funds (continued)

Purposes of restricted funds

Scholarship and Lecture Funds

Lockyer Travelling Fellowship

To fund College travel and facilitate links with Fellows and Members

Bernhard Baron Scholarship fund

A fund for the provision of travel awards to Fellows and Members

Sims Black Travelling Professors fund

To enable practicing obstetricians and gynaecologists to travel to countries of the Commonwealth to further the aims of the College

Thomas Watts Eden Fellowship

A fund for the provision of travel awards to Fellows and Members

Research funds

Sir William Gilliatt Memorial fund

To encourage research in all aspects of Obstetrics and Gynaecological medicine

Edgar Research – Jean Ethel Gentili

To enable further research into Obstetrics and Gynaecology

Florence and William Blair-Bell Memorial fund

For the upkeep and maintenance of 27 Sussex Place

Other Special Purpose Grants

Marjorie Kuck Millennium

For research into the medical problems of Obstetrics

Endometriosis fund

To stimulate and encourage research in the field of endometriosis. Alternatively to provide a contribution towards a travelling fellowship to attend a recognised training centre.

President's fund

For the President to utilise for general purposes to further the objectives of the College

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

18. Movements in income funds (continued)

Having re-examined the NCC funding agreement, it has been deemed more appropriate to treat this as a contract. As a result funds have been transferred to unrestricted funds and the year end NCC balance designated as such.

Other restricted funds from which income is earned from an endowment fund are detailed in note 17.

Transfers relate to reimbursement of expenditure incurred for restricted fund purposes but met out of the unrestricted fund balances in the first instance.

Designated funds

	At the start of the year	Incoming resources	Outgoing resources	Transfers	At the end of the year
	£	£	£	£	£
Property Fund	9,655,748	-	-	(224,552)	9,431,196
Overseas Fund	417,543	-	(225)	-	417,318
NCC - WCH	455,353	1,671,786	(1,661,020)	-	466,119
Heritage Fund	300,000	-	-	-	300,000
Education Fund	228,523	-	-	-	228,523
Repairs Fund	141,277	-	(10,856)	30,000	160,421
Leasehold Uplift	200,000	-	-	-	200,000
John Lawson Fund	27,628	-	35	-	27,663
Soft Furnishings - DOMUS	30,000	-	-	10,000	40,000
Soft Furnishings - Other	19,718	-	-	5,000	24,718
Herbert Erik Reiss Memorial Fund	16,886	-	(715)	-	16,171
Edgar Gentilli Research Fund	12,850	-	(1,121)	-	11,729
Recruitment Fund	5,053	-	(4,439)	-	614
Carpet provision	15,000	-	-	5,000	20,000
Maternal 3rd World Care	1,909	-	-	-	1,909
Northern Ireland Office	(2,940)	-	(2,991)	5,931	-
Scottish Office	684	-	-	(684)	-
Dr Marcus Filshie	-	-	-	37,500	37,500
Website Critical Support	-	-	-	210,000	210,000
Pension provision	105,000	-	-	-	105,000
	<u>11,630,232</u>	<u>1,671,786</u>	<u>(1,681,332)</u>	<u>78,195</u>	<u>11,698,881</u>

18. Movements in income funds (continued)

Purposes of designated funds

Property fund

Representing the net book value of property in use by the College in furtherance of its charitable activities.

Overseas fund

For the provision of travel for overseas Members of the College to undertake further training in the UK.

NCC-WCH

Funding provided by NICE with any surplus transferred to designated funds.

Heritage fund

These funds represent those assets donated to the College at their market value

Education fund

Representing the net book value of property in use by the College in furtherance of its charitable activities

Repairs fund

Representing the amounts set aside for future repair work on the property and replacement furnishings

Leasehold Uplift

Lease provision

John Lawson fund

For the award of a Prize awarded to the candidate who provides the best article on a topic of O&G derived from work carried out in Africa

Soft Furnishings – DOMUS

To contribute to the replacement of soft furnishings

Soft Furnishings – Other

To contribute to the replacement of soft furnishings

Herbert Erik Reiss Memorial fund

For the award of a Prize for junior doctors working in Foundation Yrs 1 and 2 or Specialist Training years 1 & 2 in the UK and ROI.

Edgar Gentilli Research fund

To generate income to fund an annual Prize in perpetuity

Carpet provision

To contribute to the replacement of carpets in the Education Centre

Maternal 3rd World Care

To subsidise the production costs of a RCOG Press book called "Maternity Services in the Developing World".

Dr Marcus Filshie

To fund a fellowship at Kitovu hospital, Uganda

Website Critical Support

Provision to contribute to the design and rebuild of the College website

Pension provision

To meet future pension liabilities of CEMACE staff

Royal College of Obstetricians and Gynaecologists

Notes to the financial statements

For the year ended 31 December 2013

18. Movements in income funds (continued)

Unrestricted funds	General £	Designated £	Pension £	Total
As at 1 January 2013	7,853,659	11,630,232	303,000	19,786,891
Incoming resources	11,432,632	1,671,786	-	13,104,418
Resources expended	(11,232,553)	(1,681,332)	(48,000)	(12,961,885)
Transfers	(80,833)	78,195	-	(2,638)
Net investment gains/actuarial gains	291,023	-	(1,187,000)	(895,977)
At 31 December 2013	<u>8,263,928</u>	<u>11,698,881</u>	<u>(932,000)</u>	<u>19,030,809</u>

19. Operating lease commitments

The charity had annual commitments at the year end under operating leases expiring as follows:

	Land and Buildings		Other	
	2013 £	2012 £	2013 £	2012 £
1 - 2 Years	119,000	119,000	-	7,023
2 - 5 Years	-	-	1,552	13,685
Over 5 years	25,000	25,000	-	-
	<u>144,000</u>	<u>144,000</u>	<u>1,552</u>	<u>20,708</u>

20. Third party interests

Administrative support costs are paid to the business of the Honorary Treasurer for NIRCOG Committee work as follows:

	2013	2012
	£	£
Costs	<u>2,991</u>	<u>2,940</u>

As this is a related party transaction, the business has been declared in the register of interests.

Notes to the financial statements

For the year ended 31 December 2013

21. Pension Costs

Defined Contribution Scheme

The College operates a pension scheme based on defined contributions. The assets of the scheme are held separate from those of the College and are invested in exempt approved investment funds. The defined contribution scheme is open to all staff. The cost for the year was £239,256 (2012-£217,624).

Defined Benefit Scheme

The College sponsors the Royal College of Obstetricians and Gynaecologists Pension Scheme which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for some 104 past and around 24 present employees. The level of retirement benefit is principally based on the best salary earned in the last three years of employment.

The Trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the Trustees is determined by the scheme's trust documentation. It is a policy that one third of all Trustees should be nominated by the Members.

A full actuarial valuation of the scheme was carried out as at 1 April 2010 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the College and the Trustees in line with these requirements. These in particular require the deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions. The actuarial valuation showed a deficit of £674,000.

The Scheme is a non-segregated multi-employer scheme. As a result, it is not possible to accurately assess individual liability. On an approximate basis, RCOG is responsible for c84.8% of the total liability.

For the purposes of FRS17, the preliminary actuarial valuation as at 1 April 2010, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2013. This update is inherently less rigorous than a full valuation, adding to the level of uncertainty which pervades any assessment of the current value of the scheme's long term obligations and likely ability of the expected performance of its assets to meet those obligations.

Present values of scheme liabilities, fair value of assets and deficit

	31 December 2013 £'000	31 December 2012 £'000	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000	31 December 2008 £'000
Fair value of scheme assets	16,042	15,396	13,825	13,079	11,534	9,212
Present value of scheme liabilities	16,974	15,093	13,986	13,386	13,426	9,981
Surplus/(Deficit) in scheme	(932)	303	(161)	(307)	(1,892)	(769)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

Notes to the financial statements

For the year ended 31 December 2013

21. Pension costs (continued)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	Period ending 31 December 2013 £'000	Period ending 31 December 2012 £'000
Scheme liabilities at start of period	15,093	13,986
Current service cost	161	206
Interest cost	696	676
Contributions by scheme participants	68	70
Actuarial losses	1,408	579
Benefits paid and expenses	(452)	(424)
Scheme liabilities at end of period	<u>16,974</u>	<u>15,093</u>

Reconciliation of opening and closing balances of the present value of the scheme assets

	Period ending 31 December 2013 £'000	Period ending 31 December 2012 £'000
Fair value of scheme assets at period start	15,396	13,825
Expected return on scheme assets	635	608
Actuarial gains	221	984
Contributions by employer	174	333
Contributions by scheme participants	68	70
Benefits paid and expenses	(452)	(424)
Fair value of scheme assets at end of period	<u>16,042</u>	<u>15,396</u>

The actual return on the scheme assets over the period ending 31 December 2013 was £856,000 (2012 - £1,592,000).

Contributions

The total contributions made by the employer over the period of £174,000 (2012 - £333,000) includes 24.6% (2012 - 25.4%) employer's contributions towards the final salary scheme.

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2013 is £291,000 (2012 - £300,000).

Notes to the financial statements

For the year ended 31 December 2013

21. Pension costs (continued)

Total expense recognised in net incoming/(outgoing) resources

	Period ending 31 December 2013 £'000	Period ending 31 December 2012 £'000
Current service cost	161	206
Interest on obligations	696	676
Expected return on plan assets	<u>(635)</u>	<u>(608)</u>
	222	274
Difference between expected and actual return on scheme assets Amount: (gain)	(221)	(984)
Experience gains and losses arising on the scheme liabilities Amount: loss	1,408	579
Amount: loss/(gain)	<u>1,187</u>	<u>(405)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a loss of £2,480,000 (2012 - Loss 1,293,000).

The major categories of plan assets as a percentage of total plan assets are as follows:

	31 December 2013	31 December 2012
UK Equities	21.8%	19.1%
Overseas Equities	20.8%	18.4%
UK Fixed Gilts	27.1%	30.2%
Corporate Bonds	30.1%	32.1%
Cash and other	<u>0.2%</u>	<u>0.2%</u>
Total assets	<u>100.0%</u>	<u>100.0%</u>

Notes to the financial statements

For the year ended 31 December 2013

21. Pension costs (continued)

Assumptions	31 December 2013 £'000	31 December 2012 £'000	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000
Inflation	3.4	2.9	2.9	3.4	3.7
Salary increases	3.0	2.9	2.9	-	-
Rate of discount	4.6	4.6	4.8	5.4	5.7
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.3	2.9	2.9	3.4	3.7
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.6	2.9	2.9	3.4	3.7

The mortality assumptions adopted at 31 December 2012 are SAPS YOB tables, Medium Cohort with a minimum Improvement of 1.096 p.a. These imply the following life expectancies:

Male retiring at age 60 in 2009	26.9 years
Female retiring at age 60 in 2009	29.8 years
Male retiring at age 60 in 2029	28.8 years
Female retiring at age 60 in 2029	31.2 years

Expected long term rates of return

The expected long term rates of return applicable at the start of each period are as follows:

Notes to the financial statements

For the year ended 31 December 2013

21. Pension costs (continued)

Analysis of the sensitivity of the principal assumptions of the value of the scheme liabilities

Assumptions	Change in assumptions	Approx. impact on scheme liabilities
Discount rate	Increase by 0.5% p.a.	Decrease by 9%
Rate of inflation	Increase by 0.5% p.a.	Increase by 7%
Rate of salary growth	Increase by 0.5% p.a.	Increase by 1%
Rate of mortality	1 year increase in life expectancy	Increase by 3%

Amounts for the current and previous four periods

	31 December 2013 £'000	31 December 2012 £'000	31 December 2011 £'000	31 December 2010 £'000	31 December 2009 £'000
Fair value of assets	16,042	15,396	13,825	13,079	11,534
Present value of scheme liabilities	16,974	15,093	13,986	13,386	13,426
Surplus/(deficit) in scheme	(932)	303	(161)	(307)	(1,892)
Experience adjustment on scheme assets	221	984	143	772	493
Experience adjustment on scheme liabilities	(547)	(80)	(44)	(244)	(155)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(861)	(499)	(50)	503	(2,570)
Total	(2,119)	405	49	1,031	(2,232)