



Royal College of  
Obstetricians &  
Gynaecologists

# Consolidated Annual Report and Accounts

for the period ended 30 June 2018

Registered Charity No. 213280  
Scottish Registered Charity No. SC041594  
Royal Charter No. GB 1538 RCOG/H

# Royal College of Obstetricians & Gynaecologists

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# Royal College of Obstetricians & Gynaecologists

## Reference and administrative information

For the year ended 30 June 2018

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Royal College of Obstetricians and Gynaecologists

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London NW1 4RG

UK

Registered Charity No. 213280

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# Royal College of Obstetricians & Gynaecologists

## Reference and administrative information

For the year ended 30 June 2018

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### Council

President	Lesley Regan
Senior Vice President Strategic Development	Mary Ann Lumsden
Vice President UK & Global Membership	Alison Wright
Vice President Education	Janice Rymer
Vice President Clinical Quality	Edward Morris
Vice President Global Health	Hani Fawzi

### Elected Fellows

London: North, Central, East & NW	Patrick O'Brien
London: South	Basky Thilaganathan
Eastern England	Jane Thomas Preston
Northern/Yorkshire/Humber	Adam Balen
South West	Tim Overton
North West	Sarah Vause
Kent Surrey & Sussex	Hany Habeeb
Thames Valley & Wessex	Felicity Ashworth
East Midlands	Susan Ward
West Midlands	Sean Kehoe
Wales	Euan Kevelighan
Scotland	Kirsty Dundas
	Phil Owen
Republic of Ireland	John Morrison
Northern Ireland	Carolyn Baillie
International (UK & rep. of Ireland)	Hassan Shehata
	Tim Draycott
	Rhona Hughes
	Ranee Thakar
Europe	Fionnuala McAuliffe

### Elected Members

London: North, Central, East & NW	Jane Currie
London: South	Vasanth Andrews (Stergios Doumouchtsis**)
East of England	Edward Prosser-Snelling
Northern/Yorkshire/Humber	Usha Nair
South West	Katherine Edey
North West	Vacant (Jonathan Ash**)
Kent, Surrey & Sussex	Vacant (Maya Basu**)
Thames Valley & Wessex	Deborah Harrington
East Midlands	Indranil Dutta
West Midlands	Tony Thomas
Scotland	Lucky Saraswat (Vanessa Mackay**)
Ireland	Declan Quinn
Wales	Anthony Griffiths

# Royal College of Obstetricians & Gynaecologists

## Reference and administrative information

For the year ended 30 June 2018

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### Co-opted members:

Chair Trainees' Committee	Adalina Sacco (Jonathan Frost*)
Vice Chair Trainees' Committee	Sarah Murray (previously Adalina Sacco)
Academic Board	Andrew Horne
SAS Lead	Laura Hipple
Invited members:	
Women's Voices Lead	Kate Brian
Vice Chair Women's Network (rotating)	Catherine Nestor/Jane Plumb
President Faculty of Sexual & Reproductive Healthcare, RCOG	Asha Kasliwal

(\*) Council member until May 2018

(\*\*) Council member until June 2018

### Board of Trustees

President	Lesley Regan
Senior Vice President	Mary Ann Lumsden
Vice President	Eddie Morris
RCOG Fellow	David Farquharson
RCOG Member	Daghni Rajasingam
RCOG Council Representative	Felicity Ashworth
Lay Trustee	Patrick Finch
Lay Trustee	Roy Martin
Lay Trustee	Linda Nash
Lay Trustee	Eric Thomas
Lay Trustee	Kate Mathers

### Executive Director Team

Interim Chief Executive	Fred Emden
Executive Director of Education & Quality	Linda Burke
Executive Director of Resources	Rachel Dell
Executive Director of External Affairs	Claire Dunn
Executive Director of Development	Gary Waltham

# Royal College of Obstetricians & Gynaecologists

## Reference and administrative information

For the year ended 30 June 2018

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### Advisers

#### External Auditors

Sayer Vincent LLP  
Invicta House  
114–118 Golden Lane  
London  
EC1Y 0TL

#### Internal Auditors

CW Audit  
Kingston House  
438–450 High Street  
West Bromwich  
B70 9LD

#### 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  
Queen Street Place  
London EC4R 1BE

## Report of the Trustees

For the year ended 30 June 2018

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### Foreword

My fellow Officers and I are now almost two-thirds of the way through our three-year term, and over the past 12 months have done much to build on what I believe was a very productive first year in post. It continues to be a great honour and pleasure to lead the College, and I am extremely grateful to my Vice Presidents for all the support, energy and enthusiasm that they bring to these challenging roles.

Over the last year, I believe we have continued to make the case for a new way of thinking about women's health, moving away from a disease intervention service to a service focusing on prevention and on giving women the information they need to make healthy choices. This will only become a reality if we look not just beyond obstetrics and gynaecology to other medical specialties, but also beyond just healthcare, recognising the many social determinants of women's healthcare and working with partners with the influence and reach to effect change. Across 2017-18 we have made many positive steps towards this goal, setting the scene for even more progress in the year to come.

### New royal patron

In February 2018, we were delighted to announce that the Duchess of Cambridge had become the College's second ever royal patron, following in the footsteps of Queen Elizabeth The Queen Mother. The Duchess of Cambridge visited the College to receive the patronage, and also to learn more about the wide-ranging work of the College across education, clinical quality and advocacy, both in the UK and internationally. This involved meeting RCOG trainees, members and staff; seeing demonstrations of our work; and taking part in a round-table discussion on stigma in women's health. We very much look forward to continuing to work with Her Royal Highness on our shared goals of improving healthcare for women and their families when she returns from maternity leave.

### External affairs

We continue to make real progress towards our goal of becoming the 'go to' place for women's health, with increased engagement from and with politicians and policy-makers, who I believe now see the value of seeking the College's expertise. We are regularly being approached to help develop and deliver policy, most notably regarding the announcement in summer 2018 that the English government would follow in the footsteps of Scotland and Wales and allow women to take misoprostol, the second drug needed to complete an abortion, in their own home. Alongside other organisations, the RCOG had long lobbied for this change, on the grounds that it offers women choice, dignity and more compassionate care. We were therefore delighted to be asked to support the public announcement of this policy change, and to chair a working group to manage implementation. Other key areas of engagement have been relationships and sex education, pregnancy loss, maternity safety and vaginal mesh.

Our relationships with key stakeholders have continued to deepen and strengthen, particularly with the Royal College of Midwives (RCM). I believe our tactic of speaking with 'one voice' on maternity care has paid dividends with the 5 P's – politicians, policy-makers, press, public and the profession – helping to make it clear that women and their families have the best possible outcomes and experiences when the maternity

## Report of the Trustees

For the year ended 30 June 2018

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workforce works together. Over the coming year we will be looking to support the RCM to take the 'one voice' principle still further, working with other organisations to improve maternity care.

### Involving women in our work

Our Women's Network and Women's Voices Involvement Panel continue to go from strength to strength, ensuring women's views are at the centre of all of the College's work. A major contribution this year has been to the development of our new curriculum, due to be launched in 2019. A lay reference group ensured women had the opportunity to discuss the skills, attitudes and competencies that are important to them, helping to shape the way we train and educate the consultants of tomorrow, while the consultation on the draft curriculum ensured the wider public could also provide input. Another key development was the Women's Network's successful bid to lead a project to test the new National Institute for Health Research (NIHR) Public Involvement Standards. This 18-month project will trial the Standards within the College's existing research activity, identifying ways to strengthen and standardise the approach used.

### Quality improvement

The projects within the Lindsay Stewart Centre for Audit and Quality Improvement have continued to progress this year. This year's report from Each Baby Counts, our national quality improvement programme aiming to reduce the number of babies who die or are left severely disabled as a result of incidents occurring during term labour, focused on improvements needed to fetal monitoring, 'human factors' and non-technical skills and neonatal care. We have also deepened our focus on learning from these tragic events, with the Secretary of State for Health and Social Care in November 2017 pledging government funding for an RCM-RCOG initiative to support front-line staff to implement recommendations from reports such as Each Baby Counts. Meanwhile, our OASI project – a Health Foundation-funded collaboration between the RCOG, Croydon Health Services NHS Trust, the Royal College of Midwives (RCM) and the London School of Hygiene and Tropical Medicine (LSHTM) – is now at the stage of assessing the impact of the OASI care bundle on rates of third- and fourth-degree tears during labour.

The National Maternity and Perinatal Audit (NMPA), a collaboration between the RCOG, RCM, Royal College of Paediatrics and Child Health and the London School of Hygiene and Tropical Medicine, published its first organisational and clinical audits, looking at key outcomes for women and their babies across England, Scotland and Wales. The Lindsay Stewart Centre team also published the first ever gynaecological indicators report, allowing NHS trusts to benchmark some of their own benign gynaecological care against the national picture.

The National Guideline Alliance (NGA), commissioned by the National Institute for Health and Care Excellence (NICE) to develop national clinical guidelines, also continues to go from strength to strength. Staff from the Social Care Institute for Excellence (SCIE) moved to the NGA this year, as the NGA took on responsibility for social care guidelines in addition to women's and children's health, mental health and cancer. NICE also increased the number of clinical guidelines commissioned to the NGA, making the NGA the largest producer of NICE guidelines – testament to the strength of the team we have built.

## Report of the Trustees

For the year ended 30 June 2018

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### Education, training and lifelong learning

Two of our key education products, our training curriculum and the continuing professional development (CPD) framework, are in the middle of extensive and fundamental reviews. Our aim is to ensure that completion of our training programme ensures we have O&G consultants who are able to fulfil the demands of the modern NHS, meeting the needs of the women they care for and reflecting changes to the expectations of consultants within the NHS itself and the wider public. Likewise, the new CPD framework will move away from what can often be a box-ticking exercise, and focus much more on reflection and putting learning into practice. Both will be launched in 2019, supported by a new, improved ePortfolio. Our eLearning website has also had a makeover this year, ensuring it is easy to use on mobile devices and making it easier and quicker for our members to find resources on topics that are useful and relevant to them.

This has undoubtedly been a difficult year for our other main education product, the MRCOG exam. In March we experienced a serious error with issuing the results of the Part 2 MRCOG exam, with 183 candidates initially receiving an incorrect outcome. The College did all it could to mitigate the impact of our error on affected candidates and provide all possible support. We also commissioned an independent external review to investigate the cause of the error and to help us understand how to prevent the same problem recurring. The review has recently reported and we are now working hard to implement all recommendations, continuing to share full details and progress updates with our members to assure them we are taking all necessary steps to address the various issues I believe this has been a much-needed wake-up call that will ensure our exams receive the required support and investment to make them fit for purpose for a modern age.

We also completed a review of our DRCOG exam, a diploma aimed at general practitioners, the related support and revision materials we provide to candidates, and the ongoing relationship between the College and Diplomates. Much of women's health is delivered in primary care, and I believe the RCOG has much to offer to better support GPs in the crucial work they do. I look forward to seeing the recommendations implemented in the coming year.

We have also been focusing on how various countries around the world could make best use of our education expertise to help develop their training packages. There is much work going on in India and China in particular, and we are also working with the health authorities in Iceland to help adapt our own O&G training programme to their needs.

### Workforce and membership

In autumn 2017 we published an extensive report into the O&G workforce in the UK, a hugely important piece of work that greatly increased our understanding of the working patterns of our Fellows and Members. These data have been invaluable in supporting our ability to engage and influence other workforce initiatives across the NHS. For example, our in-depth data about how O&G clinicians work was an incredibly useful addition to the data Health Education England hold on staff numbers, and helped shape the maternity workforce strategy developed within the Maternity Transformation Programme. In a similar way, we used the detailed data we now hold on workforce to respond to the NHS consultation on its wider workforce strategy. We have continued to build on this work, with 2018 surveys not just for consultants but also for SAS and Trust

## Report of the Trustees

### For the year ended 30 June 2018

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doctors, as well as trainees, to ensure we have the best possible data with which to represent our membership.

Alongside our workforce focus, the Supporting Our Doctors task force has continued to flourish, with pilots launched for a number of new tools designed to better support doctors facing difficulties at work. We have also been collaborating closely with the General Medical Council (GMC) to support our joint aim of encouraging more resolution of issues at a local level where appropriate, reducing the number of unnecessary referrals to the GMC.

Outside the UK, our 2017 World Congress took place in Singapore, and once again was a fantastic opportunity for our members from around the world to come together to hear the latest updates on our specialty, and also to network with both new and old friends. Congress also provided a forum for those of us based in the UK to collaborate with the Chairs of our International Representative Committees (IRCs), which are collective bodies of College members based in a particular country or region that represent our Fellows and Members in that area of the world. This year we have worked with the IRCs to understand the particular priorities in each region of the world and to develop business plans setting out how we can better support the IRCs to implement change – a key development that I hope will mean we can support women and members around the world much more effectively.

### Global health

Leading Safe Choices, our programme to improve family planning, abortion and post-abortion services in sub-Saharan Africa, is now in its final year. One of our key successes has been the decision by health authorities in South Africa to incorporate the Leading Safe Choices curriculum and resources into the standard training programme in the Western Cape, ensuring the sustainability of the progress we have made. We are now working on a proposal to the same funder for the next phases of the programme. Elsewhere, our one-year THET-funded project on Excellence in Obstetric Skills in Uganda has reached the halfway point. Using a ‘train the trainer’ model, the aim of this project is to share knowledge with local healthcare providers to facilitate quality and timely management of obstetric emergencies such as obstetric haemorrhage, sepsis, pre-eclampsia and obstructed labour. The project also has a special emphasis upon obstetric fistula prevention.

We are also running a one-year pilot of our Essential Gynaecological Skills course in Nigeria, again using a ‘train the trainer’ model aimed at medical officers, nurses and midwives. While maternal health has traditionally received a great deal of attention globally, gynaecological health has a much lower profile despite having a significant impact on women’s wellbeing, lowering quality of life and adversely affecting socioeconomic status. Our Essential Gynaecological Skills course aims to redress this imbalance by providing a sustainable training programme to develop core skills. The course is designed with a modular structure that allows each country to select the areas of practise that they consider to be local priorities, ensuring the training delivered can be tailored and individualised as much as possible. The modules cover a range of clinical issues, including contraception, emergency gynaecology, fertility and cervical cancer, as well as broader issues such as how to improve standards of care via audit, and the role of healthcare professionals in tackling gender-based violence.

**Report of the Trustees**

**For the year ended 30 June 2018**

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**Estate**

December 2017 saw us take a significant step in securing the future sustainability of the College, as we purchased the freehold of a property on Union Street, near London Bridge. Our new home has ample space for our educational activities as well as for RCOG staff, and fully meets the brief of being close to major transport links to ensure ease of access for our UK and international members. Planning is well under way, with the building on track to be ready for our move in December 2019. This is a really exciting time for the College, with the move providing a wonderful opportunity for us to modernise our ways of working (while ensuring the new building also showcases our heritage) as well as to think about the kind of organisation we want to be. Just as one of my key aims as President has been to make the College the 'go to' place for women's health, I very much hope that we can expand on this with our move to Union Street and make our new building a global hub for women's health, welcoming partners and like-minded organisations into our new home and collaborating ever more strongly to achieve our shared aims to improve women's health and healthcare across the world. The next year certainly promises to be busy and exciting!

Finally, on behalf of the Board I would like to extend our thanks to Ian Wylie, who retired from his position as Chief Executive Officer in September 2018 after a very successful 8 years with the College.

Lesley Regan  
President, RCOG

## 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 speciality 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.

## Strategic Report

Our Strategic Goals were reviewed over the course of 2016 and 2017 and the following 4 Strategic Goals form the basis for Strategic reports from 2017/18 to 2019/20.

- 1. To improve women's health care by high-quality education, training and support of doctors throughout their careers**
- 2. To improve women's lives globally through the development of safe, high-quality clinical care throughout adolescence, reproductive and post-reproductive years**
- 3. To connect healthcare professionals, service users and partner organisations to radically improve women's health care both in UK and globally**
- 4. To achieve resilience by developing workforce and financial sustainability, innovation and technological agility**

A KPI framework based on these Strategic goals was developed during 2017/18 and reporting against these KPIs was implemented from July 2018. KPIs are recorded on a uniform scorecard which allows progress to be monitored within each area.

Each set of KPIs is owned by an Executive Director who ensures they are updated regularly and reported to the relevant Board(s) throughout the year. A KPI report from each area of activity is also presented to Council on a 6 monthly basis and to the Board annually.

## Report of the Trustees

For the year ended 30 June 2018

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### Strategic Goal 1

To improve women's health care by high-quality education, training and support of doctors throughout their careers

#### Key Achievements & Performance

##### Education & Training

- The MRCOG Improvement Project began in September 2017. This review will look at all aspects of the MRCOG exam, including its delivery globally.
- The first training day in perinatal mental health was held in December 2017. Feedback from the course was excellent and the next course is planned for December 2018. The College is also engaged with HEE and NHS England regarding the publication of data regarding the provision of perinatal mental health care within obstetrics, midwifery and health visiting.
- Revised Obstetric Advanced Training Skills Modules (ATSMs) were launched in early 2018, to ensure that the most up to date and appropriate training material is available to those in their final 2 years of training.
- Representatives of the College visited China in April 2018 to explore the possibility of delivering the MRCOG exams and associated education resources.
- Demand for the MRCOG Part 3 continued to grow and the exam was delivered overseas for the first time.
- Unfortunately 2017/18 also saw an issue arise with MRCOG Part 2 exam results. This resulted in the issuing of incorrect exam results to a number of candidates. The affected candidates were identified and correct results issued. However the seriousness of this error prompted a number of internal procedure changes and external review was instructed, the results of which were shared with College members, fellows and staff in October 2018.

##### Supporting our doctors

- Several areas of work were commenced including
  - An online resource to help tackle bullying and undermining in the workplace
  - Anti-bullying and undermining activities also included a joint event in Birmingham with the Royal College of Surgeons of Edinburgh in February 2018
  - Supporting our Doctors Task Group including sub-groups looking at Welfare of the Workforce and Future Models of Care.
  - O&G Workforce report 2017 looking at current issues in the O&G profession
  - Peer Support
- The College was pleased that recruitment at ST3 was introduced. This had been identified as a key measure to alleviating workplace pressures. Recruitment began in April 2018, with 63 posts advertised.

##### Future Plans

##### Education & Training

- The report from the external review on exams has been received. The report made a number of recommendations and work is underway to implement these.
- A further training course in perinatal mental health is taking place in December 2018

## Report of the Trustees

### For the year ended 30 June 2018

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- Dates have been agreed for Part 1 MRCOG revision courses and exams to be delivered in China in 2019. These will be delivered in collaboration with The Hong Kong College of Obstetricians and Gynaecologists and the Chinese Medical Doctor Association.
- Plans are underway to provide more capacity for MRCOG Part 3 candidates, including holding exams in Hong Kong, Singapore and India.

#### Supporting our Doctors

- The work of the Supporting our Doctors group will continue to look for ways to provide support to doctors at all stages of their careers.
- Following the workforce survey, work continues on engaging with workforce planners to define the expectations of the current and future workforce.
- RCOG continues to collaborate with a number of partners on anti-bullying and undermining in the workplace. A further joint event with the Royal College of Surgeons of Edinburgh takes place in September 2018 and the GMC are now developing a bullying and undermining training package using RCOG and RCSEd resources.

#### Strategic Goal 2

To improve women's lives globally through the development of safe, high-quality clinical care throughout adolescence, reproductive and post-reproductive years

#### Key Achievements & Performance

- RCOG continued its work on producing Green-top Guidelines as an aid to good clinical practice. New guidance issued during the year included guidelines on laparoscopy; PCOS; Breech baby at the end of pregnancy and FGM.
- The National Guidelines Alliance continued its work on NICE guidelines. NICE commissioned further guidelines from the NGA during the year and the NGA's remit was expanded to include social care guidelines.
- The National Maternity and Perinatal Audit published its first report in August 2017 covering the organisation of maternity care in England, Scotland and Wales. This was followed in November 2017 by the publication of the NMPA Clinical Report which identified areas of good practice and opportunities for the improvement in the care of women and babies in maternity services across Britain. Work also began on data collection for 2016/17 which
- The first Clinical Research Skills for Women's Health Study day was held in November 2017. This forms part of the Advanced Professional Module in Clinical Research and is aimed at anyone interested in the development and delivery of research in women's health.
- A report on the Each Baby Counts work was published in October 2017. The report presented key findings and recommendations based on the analysis of complete data relating to term stillbirths, neonatal deaths and babies with brain injuries born following labour during 2015, the first full year of the programme.
- The Clinical Quality Assurance Group held its first meeting in March 2018. This group will provide quality assurance of all clinical quality products, ensuring the Clinical Quality Board can focus on strategic issues.

# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

### For the year ended 30 June 2018

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- RCOG in partnership with Tommy's, Public Health England and UCL Institute for Women's Health announced the launch of a new digital tool, Planning for Pregnancy.
- Leading Safe Choices work continued throughout 2017/18 and the donor confirmed a no-cost extension to the programme to December 2018. Programme delivery in Tanzania was completed in June 2018.

#### Future Plans

- The national maternal and Perinatal Audit team will report on findings from 2016/17 data in Autumn 2018. They will also be developing "sprint audits" which are deep dives into specific aspects of maternal and perinatal care.
- Leading Safe Choices programme will conclude its work in December 2018 and will report to the donor on outcomes in the first quarter of 2019. A proposal for the next phase of this work will be submitted to the donor later in 2018.
- Internal and external reviews of the Lindsay Stewart Centre for Audit & Clinical Informatics were completed in June 2018. The recommendations from these will be considered and implemented in 2018/19 to ensure the Centre can be developed in a sustainable way to increase its positive impact on women's health.
- The Each Baby Counts team is working with other stakeholders to launch EBC Learn and Support, which will support the implementation of national safety initiatives at trust level.

#### Strategic Goal 3

To connect healthcare professionals, service users and partner organisations to radically improve women's health care both in UK and globally

#### Key Achievements & Performance

- In February 2018 the Duchess of Cambridge became the Patron of the Royal College of Obstetricians & Gynaecologists. The Duchess visited the College to receive the patronage and learn more about the College's work in the UK and internationally.
- Development of an India Strategy began in 2017. This aims to coordinate various projects under way across the organisation to engage with the Indian membership and O&G professionals more widely. The steering group overseeing this work includes representatives from education, membership, clinical quality, global health and business development.
- RCOG visited Iceland following a request to develop a structured training programme for their trainees based on the UK ST1–ST3 curriculum. An agreement has been signed to assist and accredit them for the next 3 years at Landspítali Hospital. This is the first venture of its kind the College and will be used as a pilot for future activities.
- The College was awarded a further year's funding from THET to run the Excellence in Obstetric Skills course at Kitovu hospital in Uganda. 66 multidisciplinary staff have been trained to date.
- RCOG hosted the Women's Voices Conference in October 2017. This is an event run by women with experience of maternity care and aims to influence maternity policy and practice in the UK
- The new Global Health Advisory Committee held its first meeting in January 2018. The committee will provide advice, support and direction for the College's global health work.

## Report of the Trustees

### For the year ended 30 June 2018

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- A 3 Essential Gynaecological Skills Course were run in Nigeria as part of a one year pilot. These were funded by income from the College's challenge events and is a joint venture with the University of Abuja Teaching Hospital.
- The Council of RCOG voted strongly in favour of supporting the removal of criminal sanctions associated with abortion in the UK. The College sought a position on this issue as it represents the group of doctors who provide the majority of abortion services across the UK.
- The annual International Women's day event was held in March 2018 and focussed on how the RCOG could use its medical expertise in education and training, as well as the clinical skills of individual members, to support women in areas affected by conflict.
- RCOG's World Congress was held in Singapore in partnership with the Obstetrical and Gynaecological Society of Singapore. It was attended by over 2,800 delegates from 83 countries. A meeting of International Representative Committee chairs was also held during the Singapore World Congress and provided an opportunity to thank the Chairs for the contributions they make and to set objectives for the coming year.
- The RCOG is working with NHS Improvement, NHS Resolution and the Healthcare Safety Investigation branch of various initiatives within the refreshed Maternity safety Strategy in England.
- RCOG has been engaging with the World Health Organisation on a number of initiatives, including attending the World Health Assembly in May 2018 and participating in a round-table discussion on cervical cancer. The College will be supporting WHO's goal to eliminate cervical cancer by 2030.

#### Future Plans

- The THET funded project in Uganda enters its final 6 months and will deliver further training. Monitoring and evaluation will be conducted and will include analysis of pre and post training knowledge and retention of learning at 3 and 6 months.
- The 2019 RCOG World Congress will be held in London in June 2019.
- Data obtained from the one year pilot of the Essential Gynaecological Skill course in Nigeria will be analysed to assess the impact of the training on service delivery.
- Pending GMC approval, the College will launch a consultation on its proposed new curriculum. This will provide all members with an opportunity to comment on the proposal.

#### Strategic Goal 4

#### To achieve resilience by developing workforce and financial sustainability, innovation and technological agility

- Following the sale of the lease on 27 Sussex Place in December 2016, the College began its search for a new headquarters. In late summer of 2017 the College entered into agreed terms to purchase 10-18 Union Street in London Bridge. The purchase was successfully concluded in December 2017. Our architects began working on plans on how best to develop the property to meet the needs of our staff and members. The Board approved the development proposals and budget in early 2018. Planning for the move is well under way and a full governance structure has been put in place to manage the project.

## Report of the Trustees

### For the year ended 30 June 2018

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- Two phases of organisational development were launched in 2017/18. OD 1 focussed on the reduction of staff costs by 5% and after discussion with members of our leadership team and some restructuring this reduction was achieved.
- OD Phase 2 focusses on finding more efficient ways of working. The research and analysis carried out in phase 2 included: cost and income of all College products and services; the value placed on those products and services by members and other stakeholders; time spent by RCOG staff on various activities; 1-2-1 sessions with senior managers and key internal stakeholders; and workshops with staff from across the College. Recommendations from the research phase are as follows.
  1. **Products and services:** The Services and Products Review and Innovation Group (SPRIG), led by Lynn Whitley, Director of Business Development, will use the data collected and analysed during phase 2 of the OD programme to review all College products and services.
  2. **Committee management:** A task and finish group led by Victoria Bytel, Director of Membership, will explore potential efficiencies in how we run our committees to make better use of staff time while supporting more members to contribute to the work of the College.
  3. **Project management:** A working group led by Gary Waltham, Executive Director of the NGA, will develop a standardised methodology for project management to be used by staff across the College, and tools to encourage better collaboration and sharing of learning across teams.
  4. **Administrative support:** A working group led by Rosie Dilley, Business Manager, will explore whether there are any alternatives to our current delivery of administrative support which would allow College staff to work more effectively and efficiently.
  5. **Working culture:** Fernando Caicedo, Head of Human Resources, is developing a HR strategy to encourage a more flexible, dynamic and innovative working culture that is based on the College values, based on existing good practice from around the College. This will include reviews of our recruitment, appraisal and staff development processes, and will utilise existing working groups.
  6. **Reward package:** Fernando Caicedo, Head of Human Resources, will review whether our current reward package creates the right culture to support the College's values and strategic goals. This will include reviews of our pay and grading structures, spans of control, job evaluation framework and alternative ways of rewarding high performance, and will form part of the wider HR strategy.

### Future Plans

- Work on plans for Union Street continues. The College will leave Sussex Place in early December 2019. The main contractor, 8Build, were appointed in November 2018, with a view to refurbishment work being completed in October 2019.
- OD Phase 2 work continues in 2018/19 and recommendations from the various working groups will be implemented during that period.

Report of the Trustees

For the year ended 30 June 2018

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Financial Review

Report from the Senior Vice President, Strategic Development

2017/18 Overview

These accounts cover the 12 month period from 1 July 2017 to 30 June 2018. The College changed its financial year end to 30 June in 2017 and our last accounts covered the 18 months from 1 January 2016 to 30 June 2017.

The College's unrestricted activity achieved a surplus of £438,000 for the year. Overall the operating deficit was £685,701, however this is due to the spending of restricted funds related to the Leading Safe Choices programme which saw a net expenditure position of £1.2m for the year. This is common for charities with restricted funds as accounting rules require income to be recognised when it is received or you become entitled to it. This often occurs before expenditure is incurred and causes a mismatch between when income is recognised and the corresponding expenditure is incurred, which is the case for the Leading Safe Choices programme during 2017/18.

	Year to 30 June 2018	18 months to 30 June 2017 (Excluding lease sale)
Endowment	£23,057	£40,144
Unrestricted	£438,152	£462,498
Restricted Funds	(£1,146,910)	£1,199,717
<b>(Loss)/Surplus (total)</b>	<b>(£685,701)</b>	<b>£1,702,359</b>

Contributing factors to this year's results include -

**Restricted**

- The Leading Safe Choices programme entered an extension phase in 2018 and is utilising funds brought forward from previous years, resulting in a net expenditure position.

**Unrestricted**

- The World Congress in Singapore exceeded its expected surplus. Over 2.800 delegates attended the Congress from 83 countries. This positively impacted the unrestricted surplus.
- Additional income was received from BJOG, resulting from increased subscriptions and commercial supplements run during the year. This positively impacted the unrestricted surplus.
- RCOG Trading had a poor final quarter which resulted in a drop in income. This poor quarter was not unique to the College but was a general downturn in the market. This decreased the unrestricted surplus.

## Analysis of Income & Expenditure

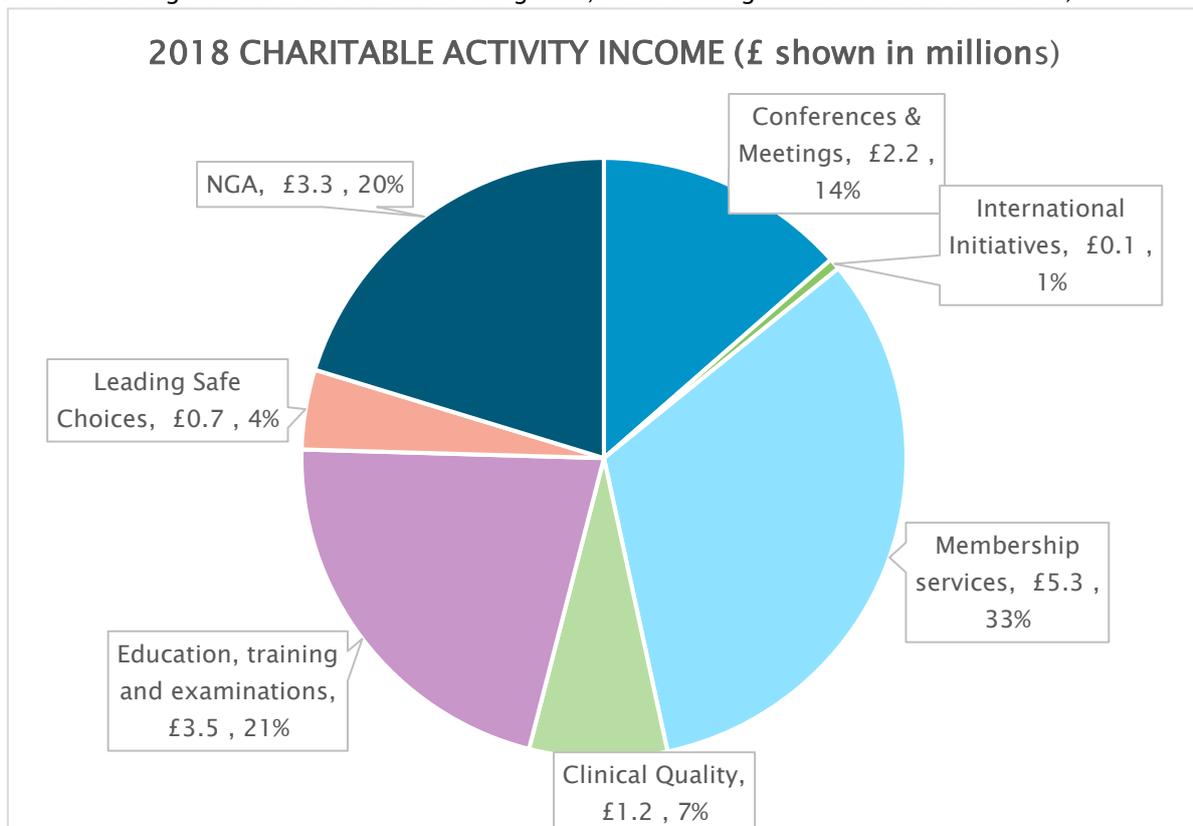
### Income

Income for the year totalled £18.5m.

Restricted income decreased significantly in the year to June 2018. This is solely due to the completion of Leading Safe Choices funding in September 2017 and the beginning of the programme's no-cost extension from January 2018. This allows work to be completed using existing funds over a longer period, without incurring any penalty. As noted above, in this case the funds relating to this expenditure were correctly recognised in an earlier accounting period creating an accounting mismatch for financial reporting purposes.

During the course of 2017 a pricing review of the College's products was undertaken. Several recommendations were implemented for income streams whose pricing had not been reviewed in some time. The other main contributors to this increase were BJOG income and a very successful World Congress in Singapore.

The following chart shows an analysis of the 12 months Charitable Activity turnover by business area. (£16.3m excluding income from donations & legacies, other trading activities and investments)

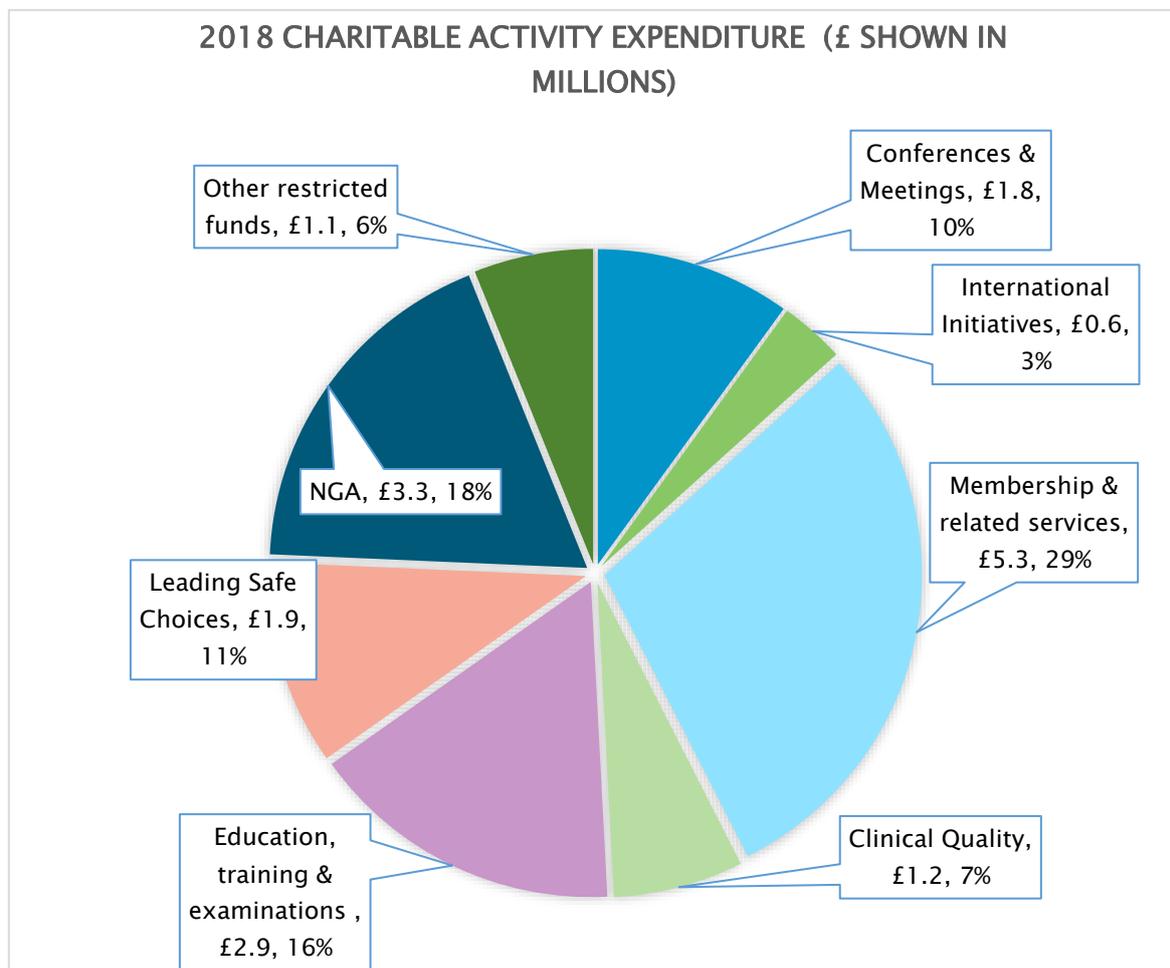


Our core income streams remain Membership, Examinations and Conferences & Meetings. Work continues to identify new income opportunities and develop core income streams for future sustainability.

## Expenditure

Expenditure totalled £19.2m in 2017/18.

Expenditure predominantly increased in restricted activity due to Leading Safe Choices extension and increased NGA activity. Details of expenditure can be found in Note 7 to the accounts. The chart below shows the split of Charitable Activity Expenditure across business areas. (£18.1m excluding expenditure on raising funds and other trading activities)



Support costs (excluding depreciation) totalled £4,240,720, representing 22% of total expenditure. These support costs are split over the charitable activities using the percentages shown in Note 1(j) to the accounts. Support costs includes expenditure related to back office functions, premises & facilities and pensions.

# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

### For the year ended 30 June 2018

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As the change in year-end makes direct comparison difficult a review of margins on each area of charitable activity has been undertaken

	2018	2017
	Margin %	Margin %
Conferences and Meetings	18	19
International Initiatives	-447	-256
Membership & related services (incl BJOG)	1	4
CQ	-97	-94
Education, Training & Examinations	17	14
Leading Safe Choices	-168	93
NGA	-1	3
Other Trading	44	51

Membership & related services decreased margin is a result of additional expenditure primarily on our external relations teams. There was also a reallocation of costs to Membership from Education, Training and Examinations.

This reallocation of costs to Membership is primarily responsible for the increase in the Education, Training and Examinations margin, as the margin on exam diets dropped due to increased costs to handle the results issue and continuing shortfalls on the Part 3 exam diets.

Leading Safe Choices sees the largest swing from 2017 to 2018. The programme received funding from January 2015 to December 2017. However, for a number of reasons, spend was slower than anticipated in those years. The donor therefore agreed to a no-cost extension from January 2018 to December 2018 to utilise the funds.

### Balance Sheet

There have been some notable changes in our balance sheet between June 2017 and June 2018.

After completing the sale of the Sussex Place lease, the College successfully negotiated the purchase of 10-18 Union Street, London Bridge. A refurbishment project is now underway and the College will relocate in December 2019. The acquisition cost and refurbishment costs incurred to 30 June 2018 appear as fixed assets in the balance sheet.

In order to complete the acquisition bridging finance of £13m was required and is found in the creditor balances. This creditor is offset by the £13m debtor for the remaining sums due by London Business School under the agreed payment schedule for the lease sale.

## Report of the Trustees

For the year ended 30 June 2018

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### Reserves

#### Designated funds

Designated funds reflect a total of £43,195,238 (2017: £43,222,511). A designated Property fund has been established, comprising the proceeds from the sale of the Sussex Place Lease and a designation of £4m by the Board of Trustees, for the Estates Project. Fixed assets represent £38,507,871 of the designated funds, including the heritage fund of £300,000, representing the valuation of those historic donations of furniture, books, pictures and equipment. Details on all remaining funds are included in note 22 to 24 on pages 48 to 54 of the Annual Accounts.

#### Policy on general reserves

RCOG Trustees have established a Reserves Policy to protect the organisation from fluctuations in income, to properly manage risk and to be capable of realising unforeseen opportunities that may arise from time to time. Trustees consider a reasonable level of reserve to be essential in supporting the College's ongoing commitments and its contractual obligations.

RCOG's reserves policy reflects financial risks and commitments, including the following

- Working capital requirements
- Short term increases in spend for known liabilities
- Contingencies for those risks on the corporate risk register which potentially could have a serious financial impact
- Identified infrastructure expenditure in the next 24 months.

The Trustees reviewed these areas and concluded that the minimum free reserve required for this financial period is £4,500,000. This level of reserve will be reviewed annually to ensure that it is sufficient to manage risk within the business.

The total funds balance of £58,798,245 includes endowments, restricted funds and designated funds. Only a small proportion of the reserve is backed by unrestricted, freely realisable cash.

At 30 June 2018, the free reserves amounted to £5,607,608 (2016/17: £5,058,136). This exceeds the required free reserve of £4.5m by £1.1m. The 2018 free reserve includes £1,692,130 of freely realisable cash. The majority of the funds are invested in short and medium term vehicles which generate a small but steady income.

Trustees consider the current reserve to be within a tolerable margin, given the inherent risk in the construction and fit out of Union Street over 2018/19

# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

For the year ended 30 June 2018

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The total of free reserves is calculated as follows:

	2017/18	2016/17
<b>Total charity funds</b>	58,798,245	58,597,892
<b>Less Permanent endowment funds</b>	(2,508,961)	(2,526,701)
<b>Less Expendable endowment funds</b>	(1,360,695)	(1,351,189)
<b>Less Restricted income funds</b>	(6,711,278)	(8,040,572)
<b>Less Designated funds</b>	(43,195,238)	(43,222,511)
<b>Add Pension reserve</b>	1,120,000	1,989,000
<b>Less General funds represented by plant, furniture and equipment</b>	(534,465)	(387,783)
<b>Total free reserves</b>	<b>£5,607,608</b>	<b>£5,058,136</b>

## Investment 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.
- RCOG Trustees resolved that seven permanent endowments be treated on a total return basis, after the Trusts (Capital and Income) Act 2013 came into force in 2014.
- The investment objective of the general 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 are categorised in four ways:
  - Standard cash holding, sufficient to meet the working capital requirements of the charity, to achieve the best available returns within the risk parameters set out in 3.4
  - High liquidity cash deposit account holding, set up in 2016 to manage funds required for purchase of a new building, required over a 0–3 year time horizon. The key objective for these funds is capital preservation with a return deemed reasonable within that context.
  - Reserves with a medium term horizon are invested on a cash + basis in diversified funds
  - Reserves with a longer time horizon are managed to maximise real return within a risk profile associated with real assets

RCOG considers and reviews the ethical dimensions of any direct investments it makes, specifically in relation to its values and charitable objects. RCOG understands that in its use of pooled and diversified growth funds, it is unable to control the detailed stock allocation.

## Report of the Trustees

For the year ended 30 June 2018

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### Transfer of Permanent Endowments

Application of the Trusts (Capital and Income) Act 2013 enabled the College to transfer a proportion of the permanent endowments in to restricted funds, without the requirement to seek approval from the Charity Commission.

Following the passing of the required resolution by the Board during 2014, the total return approach was applied to 7 of the permanent endowments. This transfer allows the College to use any gains made on those endowments as income. The policy is to treat the calculated present value of the original gift as the “core capital” that will remain as an endowment. The remaining value is the “unapplied return”. Out of that, the College is able to set aside 5% each year, available to spend on restricted projects, this being the “applied return”. Details of these funds are included in note 22 on pages 48 to 49. A review of our approach to total return will be carried out for the year ending 30 June 2019.

### Fund Management

Funds managed by Newton Investment Management (NIM) showed a total loss on return of 1% for the year. Funds managed in year by Blackrock showed a total surplus on return of 4.2% for the year. Newton’s fund target is to achieve 1 month LIBOR + 4% over a rolling 5 year period. The Blackrock fund target is set at 3 month LIBOR+3% over a 5 year period. Funds invested in Sarasin & Partners showed a total return of 0% for the year and those invested in Mayfair Capital Investment Management a return of 11.5%

The total market investment portfolio reduced by 8.5%, from £16,255,369 in 2017 to £14,865,230 at 30 June 2018. This decrease partly resulted from the sale of £1.7m of investments, with the proceeds being placed in Liquidity Funds.

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 15 on page 45 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 “Rooms on Regent’s Park”. The trading company generated a surplus of £552,600 in the year to 30 June 2018 (18 months to June 2017: £1,007,583), 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 fell by 5% between the comparative periods of 12 months to December 2016 and 12 months to 30 June 2018. The quarter from April to June 2018 proved to be a very difficult trading period and contributed to this decrease.

# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

### For the year ended 30 June 2018

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#### 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. In May 2014, the College introduced an auto-enrolment section within the DCS. The DBS was closed to new members in 2003 and future accrual for active members ceased from 31st December 2014. The triennial valuation of the DBS to 31st March 2016 was concluded and revealed a funding shortfall of c£4.98m. A 10 year repayment plan was agreed with the employers and RCOG made an initial payment in 2017 of £862k with further deficit repayments scheduled from 2020.

At 30 June 2018, the College's share of the accounting liability was £1,120,000 (2017: £1,989,000). Further details of the schemes can be found in note 27 on pages 55 to 57 of the Annual Accounts.

#### Auditors

Sayer Vincent LLP were re-appointed as the charity's auditors during the year and have expressed their willingness to continue in that capacity.

#### Consolidated accounts statement

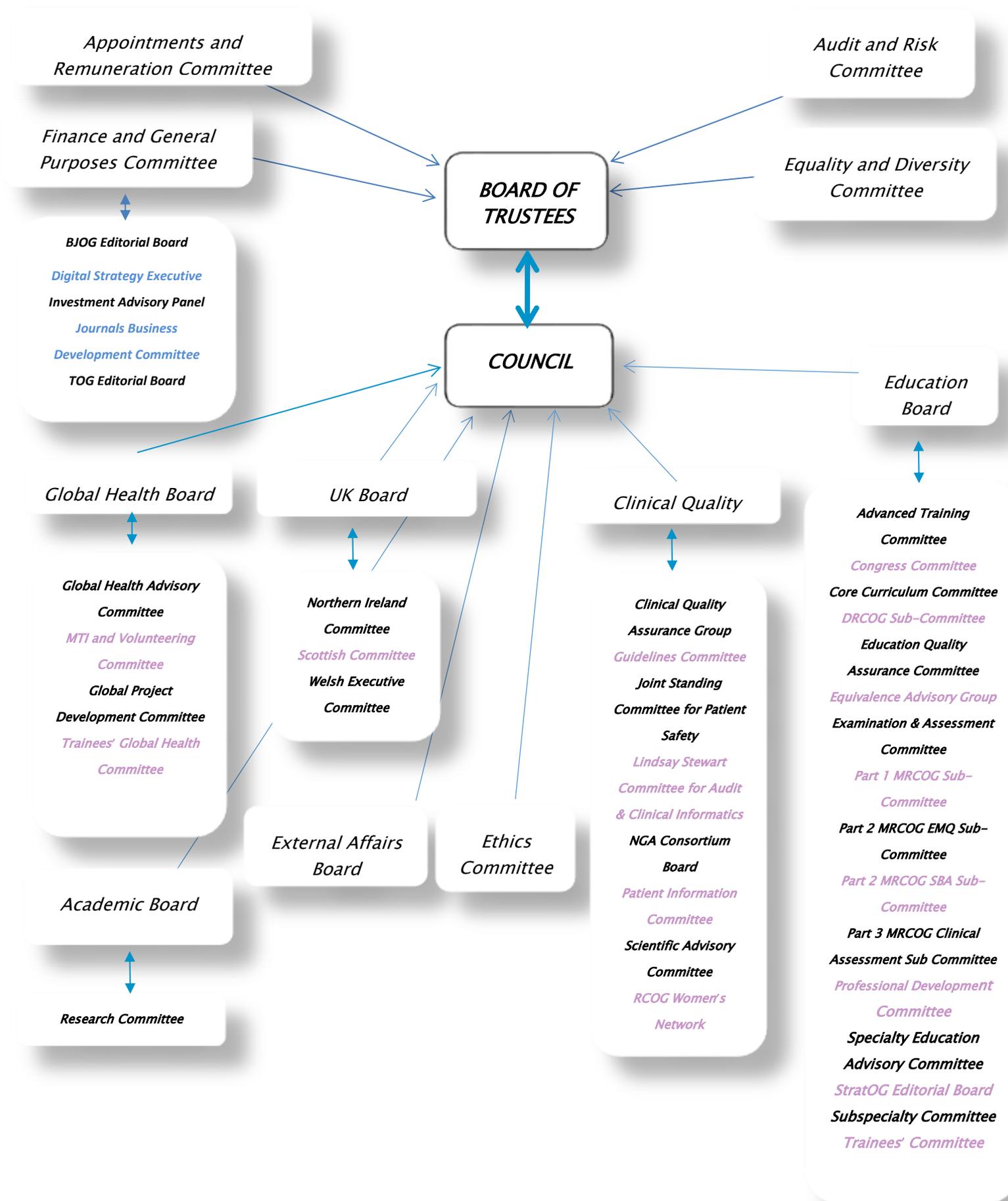
This annual report and accounts have been approved by the Trustees on 7 February 2019 and are signed on their behalf by

Professor Mary Ann Lumsden FRCOG  
Senior Vice President, Strategic Development

# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

For the year ended 30 June 2018



# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

### For the year ended 30 June 2018

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The Board of Trustees, chaired by the President, combines both clinical leadership with wider expertise, essential to charity governance. Its membership includes 6 O&G Trustees – the President, Senior Vice President, Vice President Clinical Quality, a Member or Fellow elected from Council and 2 Members or Fellows of the College in active practice. The Board also includes 5 lay Trustees.

The Board of Trustees provides the required scrutiny to the financial, business and legal matters of the College and is the ultimate decision making body.

The governance of the College is supported through Council, which develops policies and activities on all clinical and professional matters for women's health, recommending these to the Board of Trustees. Council, chaired by the President, meets on 6 occasions during each year. Its members include Honorary Fellows, Fellows and Members of the College, including 20 elected Fellows, 13 elected Members, 2 Trainee representatives, the Chair of the Academic Board, the Chair and Vice Chairs of the Women's Network and President of the Faculty of Sexual and Reproductive Healthcare.

The Finance and General Purposes Committee has delegated power to perform, on behalf of the Trustees, matters of specified business. It is responsible for the 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. This falls under the remit of the Equality & Diversity Committee which is chaired by an independent lay representative.

A network of Equality and Diversity Champions has been established across College committees. These champions will provide information and guidance on equality and diversity matters; raise awareness of equality, diversity and inclusivity issues; and monitor the work programmes, activities and products of the Committees to ensure they are inclusive to all.

The Board recognises the challenging environment that the Charity sector has faced in recent times with respect to governance and following the publication of the Charity Governance Code in July 2017, the Board created a small working group and Council created a Task & Finish Group to advise Trustees and Council on the impact of the new code on the existing College governance structure.

Following recommendations from the Task & Finish Group Resolutions to amend the Regulations were passed at a General Meeting of the RCOG held at the College on Friday 21 September 2018,

This means that

- The role of President will be separated from the role of Chair of the Board of Trustees, with a new Chair of the Board to be appointed

# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

### For the year ended 30 June 2018

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- The current team of Officers will remain in post until December 2019, to avoid a change of leadership just before our move to Union Street; all subsequent Officer terms will run for three years from December to December

The group continues to work on development and implementation of further recommendations.

### Trustee appointment 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 the group and of the incoming resources and application of resources of the group 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 adequate 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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the College and the group 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,

# Royal College of Obstetricians and Gynaecologists

## Report of the Trustees

### For the year ended 30 June 2018

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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.

## Remuneration

The College recognises the importance of attracting and retaining the right skills to ensure we can deliver our objectives.

RCOG operates a graded pay structure and all roles are subject to an arm's length evaluation process to determine the applicable pay grade.

- The objectives of the evaluation process are as follows:
- To enable consistent decisions to be made on grading and rates of pay.
- To establish the extent to which there is comparable worth between jobs so that equal pay can be provided for work of equal value.
- To ensure staff are rewarded appropriately for the work they undertake for the College.
- To make sure all new posts are graded appropriately by ensuring a standard approach is taken when allocating grades.

The College operates an annual appraisal system to evaluate individual performance. This performance evaluation process enables an individual to move up their pay grade.

In addition to this the Board annually reviews all pay levels and, if affordable, awards an annual uplift. It is recommended that this reflects RPI (capped at 3%), however the Board can choose to exceed this. No annual uplift was awarded in 2018, except to those at the top of their grade who would not receive an incremental increase.

The Board governs the remuneration of Executive Directors via the Appointments & Remuneration Committee. Information on those employees paid over £60,000 in the year can be found in Note 9.

## Charity and related parties

Related party transactions totalled £17,570 during the year. These transactions related to the chairing of committees and contributions to BJOG content. Full details of these payments can be found in Note 11 to the accounts.

## Principal Risks and Uncertainty

The Audit & Risk Committee, as part of its duties, oversees risk management activity at the College. The committee has an assurance and oversight role to provide the Board of Trustees with the necessary assurance on the adequacy and effectiveness of the College's risk management framework. Risk management is viewed as a dynamic cycle of assessment, action and review. The Audit & Risk Committee reports directly to the Trustees.

## Report of the Trustees

For the year ended 30 June 2018

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Work is currently underway to review the current risk management structure to incorporate a Strategic Assurance Framework along with operational risk management. The aim is to make risk identification and management an integral component of all areas of operation within the College.

The 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 capital budget for the new premises goes significantly over budget.**
  - Managed through the appointment of a highly qualified professional project manager; ensuring sufficient contingencies are included in the project budget; and internal audit of budgetary control for the project.
- **The March 18 exam results error issue highlighted deficiencies in antiquated exam processes and QA, exposing the risk of future error creating reputational, financial and operational issues**
  - Managed through independent review & recommendations of results error; interim leadership arrangements via ED oversight until recommended future structures considered and implemented; senior project management resource deployed to exams to map processes and develop SOPs; identify and implement QA procedures for key exam process stages including results; implement improved candidate communications systems; scope online exam opportunities

### 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.

### 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 our focus on clinical quality, 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 specialty 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 where the College delivers targeted help, including in lower-resourced regions.

## Independent auditor's report

### To the trustees of

### Royal College of Obstetricians & Gynaecologists

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## Opinion

We have audited the financial statements of Royal College of Obstetricians & Gynaecologists (the 'parent charity') for the year ended 30 June 2018 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and parent charity's affairs as at 30 June 2018 and of the group's incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011 and of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

## **Independent auditor's report**

### **To the trustees of**

#### **Royal College of Obstetricians & Gynaecologists**

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Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements
- Sufficient and proper 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.

### **Responsibilities of trustees**

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

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

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

## Independent auditor's report

### To the trustees of

#### Royal College of Obstetricians & Gynaecologists

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from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## **Independent auditor's report**

**To the trustees of**

**Royal College of Obstetricians & Gynaecologists**

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### **Use of our report**

This report is made solely to the parent charity's trustees as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the parent charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charity and the parent charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)  
25 February 2019  
Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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

Royal College of Obstetricians and Gynaecologists

Consolidated statement of financial activities

For the year ended 30 June 2018

	Note	Endowment £	Unrestricted £	Restricted £	2018 Total £	Endowment £	Unrestricted £	Restricted £	18 months to 30 June 2017 Total £
<b>Income from:</b>									
Charitable activities									
Donations and legacies	2	-	2,010	143,105	145,115	-	20	211,108	211,128
Charitable activities	3	-	11,247,805	5,022,270	16,270,075	-	16,026,531	9,819,441	25,845,972
Other trading activities	4	-	1,702,745	-	1,702,745	-	2,603,708	-	2,603,708
Investments	5	23,057	221,386	122,181	366,624	40,144	259,380	242,239	541,763
Gain on lease disposal and other income		-	-	-	-	-	28,937,503	-	28,937,503
<b>Total income</b>		<b>23,057</b>	<b>13,173,946</b>	<b>5,287,556</b>	<b>18,484,559</b>	<b>40,144</b>	<b>47,827,142</b>	<b>10,272,788</b>	<b>58,140,074</b>
<b>Expenditure on:</b>									
Raising funds	7	-	85,422	-	85,422	-	143,030	-	143,030
Charitable activities	7	-	11,701,988	6,434,466	18,136,454	-	16,711,378	9,073,071	25,784,449
Other trading activities	7	-	948,384	-	948,384	-	1,286,487	-	1,286,487
<b>Total expenditure</b>	<b>7</b>	<b>-</b>	<b>12,735,794</b>	<b>6,434,466</b>	<b>19,170,260</b>	<b>-</b>	<b>18,140,895</b>	<b>9,073,071</b>	<b>27,213,966</b>
<b>Net income / (expenditure) before net gains / (losses) on investments</b>		<b>23,057</b>	<b>438,152</b>	<b>(1,146,910)</b>	<b>(685,701)</b>	<b>40,144</b>	<b>29,686,247</b>	<b>1,199,717</b>	<b>30,926,108</b>
Net gains / (losses) on investments		(69,917)	178,729	(143,758)	(34,946)	186,606	340,698	331,081	858,385
<b>Net income / (expenditure)</b>	<b>8</b>	<b>(46,860)</b>	<b>616,881</b>	<b>(1,290,668)</b>	<b>(720,647)</b>	<b>226,750</b>	<b>30,026,945</b>	<b>1,530,798</b>	<b>31,784,493</b>
Transfers between funds	22-24	38,626	-	(38,626)	-	(162,152)	-	162,152	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>(8,234)</b>	<b>616,881</b>	<b>(1,329,294)</b>	<b>(720,647)</b>	<b>64,598</b>	<b>30,026,945</b>	<b>1,692,950</b>	<b>31,784,493</b>
Actuarial gains / (losses) on defined benefit pension schemes	27	-	921,000	-	921,000	-	(1,949,000)	-	(1,949,000)
Other gains / (losses)		-	-	-	-	-	-	-	-
<b>Net movement in funds</b>		<b>(8,234)</b>	<b>1,537,881</b>	<b>(1,329,294)</b>	<b>200,353</b>	<b>64,598</b>	<b>28,077,945</b>	<b>1,692,950</b>	<b>29,835,493</b>
<b>Reconciliation of funds:</b>									
Total funds brought forward		3,877,890	46,679,430	8,040,572	58,597,892	3,813,292	18,601,485	6,347,622	28,762,399
<b>Total funds carried forward</b>	<b>22-24</b>	<b>3,869,656</b>	<b>48,217,311</b>	<b>6,711,278</b>	<b>58,798,245</b>	<b>3,877,890</b>	<b>46,679,430</b>	<b>8,040,572</b>	<b>58,597,892</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Notes 21-23 to the financial statements.

Balance sheets

As at 30 June 2018

	Note	The group		The charity	
		2018 £	18 months to 30 June 2017 £	2018 £	18 months to 30 June 2017 £
<b>Fixed assets:</b>					
Tangible assets	13	39,042,336	872,892	39,042,336	872,892
Investments	15	14,865,231	16,255,369	14,865,233	16,255,371
		<u>53,907,567</u>	<u>17,128,261</u>	<u>53,907,569</u>	<u>17,128,263</u>
<b>Current assets:</b>					
Stock		13,091	20,381	7,020	8,018
Debtors	16	11,911,648	21,479,551	11,695,638	21,303,318
Cash at bank and in hand		9,281,653	13,778,547	9,289,700	13,764,858
		<u>21,206,392</u>	<u>35,278,479</u>	<u>20,992,358</u>	<u>35,076,194</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	17	(15,195,714)	(4,819,848)	(14,981,682)	(4,617,565)
<b>Net current assets / (liabilities)</b>		<u>6,010,678</u>	<u>30,458,631</u>	<u>6,010,676</u>	<u>30,458,629</u>
<b>Debtors: amount due after one year</b>	20	3,000,000	13,000,000	3,000,000	13,000,000
<b>Creditors: amount due after one year</b>	18	(3,000,000)	-	(3,000,000)	-
<b>Net assets excluding pension asset / (liability)</b>		<u>59,918,245</u>	<u>60,586,892</u>	<u>59,918,245</u>	<u>60,586,892</u>
Defined benefit pension scheme asset / (liability)	27	(1,120,000)	(1,989,000)	(1,120,000)	(1,989,000)
<b>Total net assets / (liabilities)</b>		<u>58,798,245</u>	<u>58,597,892</u>	<u>58,798,245</u>	<u>58,597,892</u>
<b>Funds:</b>	21				
Capital funds:					
Permanent endowment funds		2,508,961	2,526,701	2,508,961	2,526,701
Expendable endowment funds		1,360,695	1,351,189	1,360,695	1,351,189
		<u>3,869,656</u>	<u>3,877,890</u>	<u>3,869,656</u>	<u>3,877,890</u>
Restricted income funds		<u>6,711,278</u>	<u>8,040,572</u>	<u>6,711,278</u>	<u>8,040,572</u>
Unrestricted income funds:					
Designated funds		43,195,238	43,222,511	43,195,238	43,222,511
Pension reserve		(1,120,000)	(1,989,000)	(1,120,000)	(1,989,000)
General funds		6,142,073	5,445,919	6,142,073	5,445,919
Total unrestricted funds		<u>48,217,311</u>	<u>46,679,430</u>	<u>48,217,311</u>	<u>46,679,430</u>
<b>Total charity funds</b>		<u>58,798,245</u>	<u>58,597,892</u>	<u>58,798,245</u>	<u>58,597,892</u>

Approved by the board of management on 7 February 2019 and signed on their behalf by

Professor Lesley Regan MD FRCOG  
President

Professor Mary Ann Lumsden FRCOG  
Senior Vice President, Strategic Development

Consolidated statement of cash flows

For the year ended 30 June 2018

	Note	2018	18 months to 30 June
	25	£	2017
		£	£
<b>Cash flows from operating activities</b>			
<b>Net cash provided by / (used in) operating activities</b>		19,171,183	2,302,038
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		366,624	541,763
Proceeds from the sale of fixed assets		–	5,000,000
Purchase of fixed assets		(38,389,893)	(368,199)
Proceeds from sale of investments		1,652,911	8,472,480
Purchase of investments		(297,719)	(5,045,188)
<b>Net cash provided by / (used in) investing activities</b>		(36,668,077)	8,600,856
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		13,000,000	–
<b>Net cash provided by / (used in) financing activities</b>		13,000,000	–
<b>Change in cash and cash equivalents in the period</b>		(4,496,894)	10,902,894
Cash and cash equivalents at the beginning of the period		13,778,547	2,875,653
<b>Cash and cash equivalents at the end of the period</b>		<u>9,281,653</u>	<u>13,778,547</u>

**1 Accounting policies**

**a) Statutory information**

The Royal College of Obstetricians and Gynaecologists is an unincorporated charity registered with the Charity Commission in England & Wales and OSCR in Scotland. The registered office address is 27 Sussex Place, Regent's Park, London NW1 4RG.

**b) Basis of preparation**

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (September 2015) and the Charities Act 2011.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

These financial statements consolidate the results of the charity and its wholly-owned subsidiary RCOG Trading Limited on a line by line basis. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented as the summary of the result for the period is disclosed in the notes to the accounts.

**c) Public benefit entity**

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

**d) Going concern**

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

The College's free reserve policy assesses the minimum requirement for free reserves based on working capital requirements, capital expenditure commitments and contingency for risk over the following 24 month period. For this financial period it was determined that a free reserve of £4.5m is required. At the 30 June 2018 the free reserve totalled £5,607,603. A recent review of the College's 5 year plan shows that surpluses can be achieved in 2018/19 and 2019/20. Therefore it is reasonable to assess that there are sufficient resources available to allow the College to operate for the foreseeable future.

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

**e) Income**

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

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

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**1 Accounting policies (continued)**

**f) Interest receivable**

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

**g) Fund accounting**

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

Endowment funds are split between permanent endowments and expendable endowments. The capital of the permanent endowments must be maintained, although the income can be utilised in accordance with the terms of the endowment. The total return approach is applied to 7 of the College's permanent endowments. The policy is to treat the calculated present value of the original gift as the "core capital" that remains an endowment. The remaining value is the unapplied return and from this the College can set aside 5% each year for use on restricted projects. This represents the "applied return". This approach was applied for 12 months of the 18 month period.

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

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

**h) Expenditure and irrecoverable VAT**

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

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering membership, examination, educational services undertaken to further the purposes of the charity and their associated support costs

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

**i) Allocation of support costs & governance costs**

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

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

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

● Conferences and meetings	12%
● Examinations	9%
● International initiatives	6%
● Membership Services	44%
● Clinical Quality	8%
● Education and training	14%
● BJOG	3%
● Other trading activities	4%

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

**j) Operating leases**

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

**1 Accounting policies (continued)**

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £10,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

- Leasehold buildings the lower of 50 years and the period of the lease
- Plant 10 years
- Furniture and fittings 5 years
- Computer Equipment 3 years

**l) Listed investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

**m) Investments in subsidiaries**

Investments in subsidiaries are at cost.

**n) Stocks**

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

**o) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Debtors due in greater than one year have been discounted to net present value.

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

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

**q) Creditors and provisions**

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

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**r) Financial instruments**

The charity only has both basic and non-basic financial assets and financial liabilities. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method. Non-basic financial instruments are measured at fair value with any gain or loss going to the statement of financial activities. Full details are given in the financial instruments note.

Notes to the financial statements

For the year ended 30 June 2018

1 Accounting policies (continued)

s) Pensions

The defined benefit pension scheme is recognised and treated in accordance with section 28 of FRS 102.

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.

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

2 Income from donations and legacies

	Endowment £	Unrestricted £	Restricted £	2018 Total £	18 months to 30 June 2017 Total £
Gifts & Donations	-	-	143,105	143,105	211,128
Legacies	-	2,010	-	2,010	-
	-	2,010	143,105	145,115	211,128

Gifts & donations represent income from fundraising activities.

3 Income from charitable activities

	Endowment £	Unrestricted £	Restricted £	2018 Total £	18 months to 30 June 2017 Total £
Conferences, Congress and meetings	-	2,166,638	-	2,166,638	3,152,682
Examinations	-	2,903,247	-	2,903,247	4,236,593
International initiatives	-	110,000	-	110,000	259,126
Membership services	-	4,165,386	-	4,165,386	5,921,638
Clinical quality	-	143,712	1,045,372	1,189,084	950,719
Education and training initiatives	-	622,672	-	622,672	933,438
Leading Safe Choices	-	-	715,365	715,365	3,863,797
National Guideline Alliance	-	-	3,261,533	3,261,533	5,188,693
British Journal of Gynaecology	-	1,136,150	-	1,136,150	1,339,286
Sub-total from charitable activities	-	11,247,805	5,022,270	16,270,075	25,845,972

4 Income from other trading activities

	Endowment £	Unrestricted £	Restricted £	2018 Total £	18 months to 30 June 2017 Total £
Venue hire and catering	-	1,494,600	-	1,494,600	2,318,209
Accommodation and service charges	-	208,145	-	208,145	285,499
	-	1,702,745	-	1,702,745	2,603,708

5 Income from investments

	Endowment £	Unrestricted £	Restricted £	2018 Total £	18 months to 30 June 2017 Total £
Newton Real Return Income Fund	19,488	–	122,181	141,669	274,414
BIJF Dynamic Diversified Growth Fund	3,569	35,005	–	38,574	107,624
Sarasins	–	140,536	–	140,536	82,820
Other Investments	–	45,845	–	45,845	76,905
	<u>23,057</u>	<u>221,386</u>	<u>122,181</u>	<u>366,624</u>	<u>541,763</u>

6 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:

	2018 £	18 months to 30 June 2017 £
<b>Profit and loss account</b>		
<b>Turnover</b>	<b>1,494,600</b>	<b>2,318,210</b>
Turnover from sales to parent undertaking	48,915	123,170
Cost of sales	(711,481)	(1,005,054)
<b>Gross profit</b>	<b>832,034</b>	<b>1,436,326</b>
<b>Administrative expenses</b>	<b>(13,676)</b>	<b>(20,005)</b>
Management charge due to parent undertaking	(265,758)	(408,738)
<b>Operating profit</b>	<b>552,600</b>	<b>1,007,583</b>
Profit on ordinary activities before taxation	552,600	–
Taxation	–	–
Profit on ordinary activities after taxation	552,600	1,007,583
Gift aid donation to Royal College of Obstetricians and Gynaecologists	(552,600)	(1,007,583)
Profit for the financial period	–	–

	2018 £	18 months to 30 June 2017 £
The aggregate of the assets, liabilities and funds was:		
Assets	250,575	216,479
Liabilities	(250,573)	(216,477)
Funds	<u>2</u>	<u>2</u>

Amounts owed to/from the parent undertaking are shown in Note 17 (2017: Note 16)

Parent charity

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

	2018 £	18 months to 30 June 2017 £
Gross income	18,484,559	58,140,075
Results for the year	<u>200,353</u>	<u>29,835,493</u>

7 Analysis of expenditure

	Cost of raising funds	Charitable activities													2018	18 months to 30 June 2017
		Conferences, Congress and Meetings	Examinations	International initiatives	Membership services	Clinical Quality	Education and Training Initiatives	Leading Safe Choices	National Guideline Alliance	British Journal of Gynaecology	Other restricted funds	Other trading activities	Governance costs	Support costs		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Staff costs (Note 9)	71,626	398,225	385,054	147,474	1,866,566	723,074	613,033	1,142,150	2,487,061	-	590,527	-	-	2,052,967	<b>10,477,757</b>	14,289,728
Direct costs (Note 7 a)	13,796	853,349	707,943	163,284	872,460	116,887	178,603	778,173	800,847	429,027	550,732	748,464	70,736	-	<b>6,284,301</b>	9,688,229
Support costs																
Officers, Council and Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	551,177	<b>551,177</b>	866,756
Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	267,542	<b>267,542</b>	318,485
Facilities and Premises	-	-	-	-	-	-	-	-	-	-	-	-	-	815,435	<b>815,435</b>	916,259
Other:																
Depreciation/IT/HR & Pension	-	-	-	-	-	-	-	-	-	-	-	-	-	774,048	<b>774,048</b>	1,134,509
	<b>85,422</b>	<b>1,251,574</b>	<b>1,092,997</b>	<b>310,758</b>	<b>2,739,026</b>	<b>839,961</b>	<b>791,636</b>	<b>1,920,323</b>	<b>3,287,908</b>	<b>429,027</b>	<b>1,141,259</b>	<b>748,464</b>	<b>70,736</b>	<b>4,461,169</b>	<b>19,170,260</b>	<b>27,213,966</b>
Support costs	-	527,179	422,267	286,416	1,947,669	355,125	604,858	-	-	121,242	-	196,413	-	(4,461,169)	-	-
Governance costs	-	7,792	5,628	4,892	30,648	5,844	10,260	-	-	2,165	-	3,507	(70,736)	-	-	-
<b>Total expenditure 2018</b>	<b>85,422</b>	<b>1,786,545</b>	<b>1,520,892</b>	<b>602,066</b>	<b>4,717,343</b>	<b>1,200,930</b>	<b>1,406,754</b>	<b>1,920,323</b>	<b>3,287,908</b>	<b>552,434</b>	<b>1,141,259</b>	<b>948,384</b>	<b>-</b>	<b>-</b>	<b>19,170,260</b>	<b>27,213,966</b>
Total expenditure 2017	143,030	2,538,295	1,999,024	921,872	6,077,934	1,839,760	2,436,980	2,699,400	5,039,554	924,430	1,307,200	1,286,487	-	-	27,213,966	

**7a Direct costs comprise:**

**Conferences and meetings**

Includes venue and catering costs, course materials and Congress expenditure.

**Examinations**

Includes fees for examiners, invigilators and role players; venue costs for external exam centres; costs for printing and preparation of exam papers.

**International initiatives**

Costs associated with the delivery of international projects; expenditure associated with International Liaison groups and the International Executive committee.

**Fellows and members**

Includes costs of member services; journals & e-publishing (excl BJOG); eLearning resources expenditure; media and policy expenditure.

**Clinical quality**

Includes costs of producing and printing guidelines; costs of providing review services to Trusts; expenditure on grant funded projects.

**Education and training**

Costs incurred for the development and ongoing review of educational resources and associated marketing.

**Leading Safe Choices**

Costs incurred for the delivery of the LSC project.

**NGA**

Costs incurred in delivering NICE guidelines women and children's health, mental health and cancer.

**BJOG**

Includes editorial costs, publication costs and distribution costs.

**Other restricted funds**

Costs incurred in the delivery of restricted activity.

Notes to the financial statements

For the year ended 30 June 2018

**8 Net income / (expenditure) for the period**

This is stated after charging / (crediting):

	2018 £	18 months to 30 June 2017 £
Depreciation	220,449	566,118
Loss or (profit) on disposal of fixed assets	-	(28,867,234)
Operating lease rentals:		
Land	200,000	140,030
Other	30,122	46,563
Auditors' remuneration (excluding VAT):		
Audit (college)	21,000	31,530
Audit (subsidiary)	5,100	7,500
Other services	2,420	12,570

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

Staff costs were as follows:

	2018 £	18 months to 30 June 2017 £
Salaries and wages	8,939,946	12,146,851
Redundancy and termination costs	219,253	236,996
Social security costs	825,956	1,164,378
Employer's contribution to defined contribution pension schemes	492,602	741,503
	<b>10,477,757</b>	<b>14,289,728</b>

The following number of employees received employee benefits (excluding employer pension costs) during the period between:

	2018 No.	18 months to 30 June 2017 No.	12 months to 31 December 2016 No.
£60,001-£70,000	4	13	10
£70,001-£80,000	6	12	6
£80,001-£90,000	3	6	4
£90,001-£100,000	-	1	1
£110,001-£120,000	1	-	-
£120,001-£130,000	1	-	-
£130,001-£140,000	1	1	1

The 18 month figures represent the total employee benefits received for that period and therefore appear higher than normal. For ease of comparison the figures for the 12 months to December 2016 are included.

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £609,913 (2017: £739,874).

The board of management were not paid or received any other benefits from employment with the charity in the period (2017: £nil). No member of the board of management received payment for professional or other services supplied to the charity (2017: £nil).

Board of managements' expenses represents the payment or reimbursement of travel and subsistence costs totalling £273,719 (2017: £319,550) incurred by 59 (2017: 54) members relating to attendance at meetings of the trustees and Council.

**10 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018 No.	18 months to 30 June 2017 No.
Raising funds	2.0	2.0
Conferences & Meetings	9.0	9.0
Examinations	6.0	7.0
International Initiative	8.0	10.0
Membership services	34.0	29.0
Clinical Quality	26.0	19.0
Education and training initiatives	15.0	18.0
NGA	48.0	46.0
BJOG	2.0	2.0
Support	43.0	38.0
Governance	1.0	1.0
	<b>194.0</b>	<b>181.0</b>

**11 Related party transactions**

Related party transactions for the financial year totalled £17,570. These were payments to Council members as follows; S Doumouchtsis – £320 for editorial services for BJOG; K Brian £10,000 for chairing the Women's Network; R Hughes £5,000 for NGA Guidelines work; C Nestor £1,000 honorarium for vice chairing the Women's Network and M Twomey £1,250 honorarium for vice chairing the Women's Network (18 months to June 2017 – £23,270).

Aggregate donations from related parties were £515 (2017: £1,285).

**12 Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary RCOG Limited gift aids available profits to the parent charity.

**13 Tangible fixed assets**

For the group and charity

	Leasehold buildings £	Plant, furniture and equipment £	Donated assets £	Total £
<b>Cost</b>				
At the start of the period	–	2,377,328	300,000	<b>2,677,328</b>
Additions in period	38,036,411	353,482	–	<b>38,389,893</b>
At the end of the period	<b>38,036,411</b>	<b>2,730,810</b>	<b>300,000</b>	<b>41,067,221</b>
<b>Depreciation</b>				
At the start of the period	–	1,804,436	–	<b>1,804,436</b>
Charge for the period	–	220,449	–	<b>220,449</b>
At the end of the period	–	<b>2,024,885</b>	–	<b>2,024,885</b>
<b>Net book value</b>				
<b>At the end of the period</b>	<b>38,036,411</b>	<b>705,925</b>	<b>300,000</b>	<b>39,042,336</b>
At the start of the period	–	572,892	300,000	872,892

All of the above assets are used for charitable purposes.

In December 2017 the College purchased a freehold property in Union Street, London Bridge which will become the College's new headquarters. The costs of purchase and fit out to date have been capitalised and will be depreciated when the works are complete and the building is in use.

**14 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 to be reflected in the open market. As a result, these items are not recognised in the balance sheet of the College.

**15 Listed investments**

	The group 2018 £	2017 £
<b>Consolidated</b>		
Fair value at the start of the period	16,255,369	18,824,275
Additions at cost	297,719	5,045,188
Disposal proceeds	(1,652,911)	(8,472,480)
Net gain / (loss) on change in fair value	(34,946)	858,386
	<u>14,865,231</u>	<u>16,255,369</u>
Fair value at the end of the period	<u>14,865,231</u>	<u>16,255,369</u>
Historic cost at the end of the period	<u>14,034,642</u>	<u>15,306,865</u>

Investments comprise:

	The group 2018 £	2017 £
UK based unit trusts	3,416,068	4,029,936
UK based equity funds	11,043,566	11,174,788
Overseas equities/other funds	404,510	1,050,609
Cash awaiting re-investment	1,087	36
	<u>14,865,231</u>	<u>16,255,369</u>

**16 Debtors**

	The group		The charity	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	874,571	893,546	689,734	707,585
Amount owed by subsidiary	-	-	-	14,193
Amounts receivable in respect of sale of lease and other debtors	10,611,944	20,389,470	10,580,771	20,385,005
Prepayments and accrued income	425,133	196,535	425,133	196,535
	<u>11,911,648</u>	<u>21,479,551</u>	<u>11,695,638</u>	<u>21,303,318</u>

With the exception of listed investments and debtors due in more than one year all of the charity's financial instruments, both assets and liabilities, are measured at amortised cost.

## Notes to the financial statements

For the year ended 30 June 2018

## 17 Creditors: amounts falling due within one year

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Amounts due under finance leases	-	-	-	-
Trade creditors	687,209	413,722	633,649	364,604
Amounts owed to subsidiary	-	-	28,495	-
Taxation and social security	504,273	612,118	491,916	605,010
Accruals	834,388	822,316	827,685	815,793
Deferred income	3,169,844	2,971,692	2,999,937	2,832,158
Bank loans	10,000,000	-	10,000,000	-
	<u>15,195,714</u>	<u>4,819,848</u>	<u>14,981,682</u>	<u>4,617,565</u>

## 18 Creditors: amounts falling due after one year

	2018	2017	2018	2017
	£	£	£	£
Bank loans repayable in 1-2 years	3,000,000	-	3,000,000	-
	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>-</u>

Bank loans totalling £13,000,000 (2017: £NIL) are secured against 10-18 Union Street, London. Interest is charged at 1.45% above LIBOR

## 19 Deferred income

	2018	2017	2018	2017
	£	£	£	£
Balance at the beginning of the period	2,971,692	1,605,097	2,832,158	1,332,853
Amount released to income in the period	(2,971,692)	(1,605,097)	(2,832,158)	(1,332,853)
Amount deferred in the period	3,169,844	2,971,692	2,999,937	2,832,158
Balance at the end of the period	<u>3,169,844</u>	<u>2,971,692</u>	<u>2,999,937</u>	<u>2,832,158</u>

Deferred income largely comprises deferred membership and journal income relating to the next financial year.

## 20 Debtors: amounts due after one year

	The group		The charity	
	2018	2017	2018	2017
	£	£	£	£
Receivable in 1-2 years	3,000,000	10,000,000	3,000,000	10,000,000
Receivable in 2-5 years	-	3,000,000	-	3,000,000
	<u>3,000,000</u>	<u>13,000,000</u>	<u>3,000,000</u>	<u>13,000,000</u>

Debtors due after one year relate to amounts receivable in respect of the sale of the Sussex Place Lease.

Notes to the financial statements

For the year ended 30 June 2018

21a Analysis of group net assets between funds (current period)

	General unrestricted £	Designated £	Pension £	Endowment £	Restricted £	Total funds £
Tangible fixed assets	534,465	38,507,871	-	-	-	39,042,336
Investment properties	-	-	-	-	-	-
Investments	6,389,098	-	-	3,869,656	4,606,477	14,865,231
Net current assets	(781,490)	4,687,367	-	-	2,104,801	6,010,678
Long term debtors	-	3,000,000	-	-	-	3,000,000
Long Term Creditors	-	(3,000,000)	-	-	-	(3,000,000)
Defined benefit pension asset / (liability)	-	-	(1,120,000)	-	-	(1,120,000)
<b>Net assets at the end of the period</b>	<b>6,142,073</b>	<b>43,195,238</b>	<b>(1,120,000)</b>	<b>3,869,656</b>	<b>6,711,278</b>	<b>58,798,245</b>

21b Analysis of group net assets between funds (prior year)

	General unrestricted £	Designated £	Pension £	Endowment £	Restricted £	Total funds £
Tangible fixed assets	387,783	485,109	-	-	-	872,892
Investment properties	-	-	-	-	-	-
Investments	6,694,609	23,058	-	3,877,890	5,659,812	16,255,369
Net current assets	(1,636,473)	29,714,344	-	-	2,380,760	30,458,631
Long term debtors	-	13,000,000	-	-	-	13,000,000
Defined benefit pension asset / (liability)	-	-	(1,989,000)	-	-	(1,989,000)
<b>Net assets at the end of the period</b>	<b>5,445,919</b>	<b>43,222,511</b>	<b>(1,989,000)</b>	<b>3,877,890</b>	<b>8,040,572</b>	<b>58,597,892</b>

## Notes to the financial statements

For the year ended 30 June 2018

## 22a Movements in funds – permanent endowments (current period)

	At 1 July 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 June 2018 £
<b>Permanent Endowments</b>					
Edgar Research – Jean Ethel Gentili	514,290	–	(11,473)	15,332	518,149
Florence and William Blair Bell	1,086,569	–	(24,240)	–	1,062,329
Sims Black Travelling Professors Fund	473,554	–	(10,564)	14,118	477,108
Thomas Watts Eden Fellowship	250,905	–	(5,597)	7,481	252,789
Green Armytage and Spackman Travelling	30,364	–	(677)	877	30,564
Green Armytage Anglo American	29,451	–	(657)	–	28,794
Tim Chard Prize Fund	30,731	–	(686)	–	30,045
Florence Blair–Bell Art Fund	21,227	–	(474)	633	21,386
William Blair–Bell Memorial	28,234	–	(630)	–	27,604
Victor Bonney Prize Fund	26,916	–	(600)	–	26,316
James Wyatt Dining Fund	14,934	–	(333)	–	14,601
JY Simpson Oration	2,032	–	(45)	61	2,048
William Meredith Fletcher Shaw	13,351	–	(298)	–	13,053
Sir Eardley Holland Medal fund	4,143	–	(92)	124	4,175
	2,526,701	–	(56,366)	38,626	2,508,961
<b>Expendable Endowments</b>					
President's Fund	172,147	2,916	(3,840)	–	171,223
President's Global Health Fund	284,191	4,815	(6,340)	–	282,666
Ethicon Foundation Fund	138,853	–	(3,098)	–	135,755
Lindsay Stewart Fund	755,998	15,326	(273)	–	771,051
	1,351,189	23,057	(13,551)	–	1,360,695
<b>Total endowment funds</b>	<b>3,877,890</b>	<b>23,057</b>	<b>(69,917)</b>	<b>38,626</b>	<b>3,869,656</b>

## 22b Movements in funds – permanent endowments (prior year)

	At 1 January 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 June 2017 £
<b>Permanent Endowments</b>					
Edgar Research – Jean Ethel Gentili	503,059	26,948	–	(15,717)	514,290
Florence and William Blair Bell	1,030,858	55,711	–	–	1,086,569
Sims Black Travelling Professors Fund	463,212	24,813	–	(14,471)	473,554
Thomas Watts Eden Fellowship	245,426	13,147	–	(7,668)	250,905
Green Armytage and Spackman Travelling	28,807	1,557	–	–	30,364
Green Armytage Anglo American	31,093	1,631	–	(3,273)	29,451
Tim Chard Prize Fund	29,155	1,576	–	–	30,731
Florence Blair–Bell Art Fund	20,764	1,112	–	(649)	21,227
William Blair–Bell Memorial	26,786	1,448	–	–	28,234
Victor Bonney Prize Fund	25,536	1,380	–	–	26,916
James Wyatt Dining Fund	14,168	766	–	–	14,934
JY Simpson Oration	1,988	106	–	(62)	2,032
William Meredith Fletcher Shaw	12,666	685	–	–	13,351
Sir Eardley Holland Medal fund	4,053	217	–	(127)	4,143
	2,437,571	131,097	–	(41,967)	2,526,701
<b>Expendable Endowments</b>					
President's Fund	176,995	15,337	–	(20,185)	172,147
President's Global Health Fund	260,890	23,301	–	–	284,191
Ethicon Foundation Fund	131,734	7,119	–	–	138,853
Lindsay Stewart Fund	806,102	49,896	–	(100,000)	755,998
	1,375,721	95,653	–	(120,185)	1,351,189
<b>Total endowment funds</b>	<b>3,813,292</b>	<b>226,750</b>	<b>–</b>	<b>(162,152)</b>	<b>3,877,890</b>

**22 Movements in funds – permanent endowments (continued)**

**Purposes of permanent endowments**

**Edgar Research – Jean Ethel Gentilli Scholarship**

For the purpose of education and or research in obstetrics and or gynaecology.

**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 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.

**Purposes of 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.

**Ethlcon Foundation Fund**

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

**Lindsay Stewart Research and Development Fund**

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

## Notes to the financial statements

For the year ended 30 June 2018

## 23a Movements in funds – restricted funds (current period)

	At 1 July 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 June 2018 £
<b>Restricted funds:</b>					
<b>Scholarship and lecture funds</b>					
Lockyer Travelling Fellowship	572,155	9,693	(57,541)	-	524,307
Bernhard Baron Scholarship Fund	349,848	5,927	(19,136)	-	336,639
Sims Black Travelling Professors Fund	824,016	21,982	(32,648)	(14,118)	799,232
Thomas Watts Eden Fellowship	58,773	5,246	(1,899)	(7,481)	54,639
Other Funds	166,865	14,545	(20,658)	(877)	159,875
	<u>1,971,657</u>	<u>57,393</u>	<u>(131,882)</u>	<u>(22,476)</u>	<u>1,874,692</u>
<b>Research funds</b>					
Sir William Gilliatt Memorial Fund	35,005	593	(2,901)	-	32,697
Edgar Research–Jean Ethel Gentilli	2,163,911	45,372	(174,761)	(15,332)	2,019,190
Florence and William Blair–Bell Memorial	206,673	21,909	(7,763)	-	220,819
	<u>2,405,589</u>	<u>67,874</u>	<u>(185,425)</u>	<u>(15,332)</u>	<u>2,272,706</u>
<b>Other special purpose funds</b>					
Marjorie Kuck	19,618	-	(196)	-	19,422
Millenium Endometriosis Fund	18,830	319	(2,737)	-	16,412
Leading Safe Choices	2,365,013	715,365	(1,961,230)	-	1,119,148
Lindsay Stewart Centre and related activities	262,445	1,009,857	(842,681)	-	429,621
Other funds	445,527	63,078	(84,542)	(818)	423,245
	<u>3,111,433</u>	<u>1,788,619</u>	<u>(2,891,386)</u>	<u>(818)</u>	<u>2,007,848</u>
<b>Government grants</b>					
National Guidelines Alliance	460,964	3,261,533	(3,287,909)	-	434,588
EFL	89,485	37,015	(28,337)	-	98,163
THET	(2,306)	75,122	(53,285)	-	19,531
Other	3,750	-	-	-	3,750
	<u>551,893</u>	<u>3,373,670</u>	<u>(3,369,531)</u>	<u>-</u>	<u>556,032</u>
<b>Total restricted funds</b>	<u>8,040,572</u>	<u>5,287,556</u>	<u>(6,578,224)</u>	<u>(38,626)</u>	<u>6,711,278</u>

## 23b Movements in funds – restricted funds (prior year)

	At 1 January 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 June 2017 £
<b>Restricted funds:</b>					
<b>Scholarship and lecture funds</b>					
Lockyer Travelling Fellowship	641,595	56,288	(125,728)	–	572,155
Bernhard Baron Scholarship Fund	339,705	30,175	(20,032)	–	349,848
Sims Black Travelling Professors Fund	792,537	86,100	(69,092)	14,471	824,016
Thomas Watts Eden Fellowship	46,331	12,787	(8,013)	7,668	58,773
Other Funds	171,930	18,538	(26,876)	3,273	166,865
	<u>1,992,098</u>	<u>203,888</u>	<u>(249,741)</u>	<u>25,412</u>	<u>1,971,657</u>
<b>Research funds</b>					
Sir William Gilliatt Memorial Fund	35,920	3,124	(4,039)	–	35,005
Edgar Research–Jean Ethel Gentilli	2,084,918	202,020	(138,744)	15,717	2,163,911
Florence and William Blair–Bell Memorial	159,067	50,498	(2,892)	–	206,673
	<u>2,279,905</u>	<u>255,642</u>	<u>(145,675)</u>	<u>15,717</u>	<u>2,405,589</u>
<b>Other special purpose funds</b>					
Marjorie Kuck	19,917	–	(299)	–	19,618
Millenium Endometriosis Fund	22,040	1,929	(5,139)	–	18,830
President's Fund	–	–	(20,185)	20,185	–
Leading Safe Choices	1,108,784	3,955,629	(2,699,400)	–	2,365,013
Lindsay Stewart Centre and related activities	155,760	752,101	(745,416)	100,000	262,445
Other funds	366,008	149,995	(71,314)	838	445,527
	<u>1,672,509</u>	<u>4,859,654</u>	<u>(3,541,753)</u>	<u>121,023</u>	<u>3,111,433</u>
<b>Government grants</b>					
NCC–WCH/NGA	311,825	5,188,693	(5,039,554)	–	460,964
EFL	72,785	35,467	(18,767)	–	89,485
THET	18,500	56,775	(77,581)	–	(2,306)
Other	–	3,750	–	–	3,750
	<u>403,110</u>	<u>5,284,685</u>	<u>(5,135,902)</u>	<u>–</u>	<u>551,893</u>
<b>Total restricted funds</b>	<u>6,347,622</u>	<u>10,603,869</u>	<u>(9,073,071)</u>	<u>162,152</u>	<u>8,040,572</u>

**23 Movements in funds – restricted 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 fund education and or research into Obstetrics and or 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.

**Leading Safe Choices**

Funding received to run a 3 year family planning pilot programme in South Africa and Tanzania.

**Lindsay Stewart Centre and related activities**

Funding for the Lindsay Stewart Centre for Audit and Clinical Informatics, incorporating funding for the National Maternity and Perinatal Audit, Each Baby Counts and the OASI Care Bundle.

**Government Grants**

**NGA**

This represents funding provided by NICE for guideline production. In April 2016, the National Guideline Alliance was launched and produces guidelines for women and children's healthcare, mental health care and cancer care.

**EFL**

Funds received for the development and delivery of the electro fetal monitoring programme.

**THET**

Grant secured from the Tropical Health and Education Trust (funded by UK Aid) to fund an education programme at Kitovu hospital in the Masaka District of Uganda.

**Other funds**

After a review of fund balances brought forward from 2014, it has been determined that a number of funds can now be released to general funds as their purpose is now complete and the balances represent overhead recoveries or expenditure absorbed by general funds.

Notes to the financial statements

For the year ended 30 June 2018

24a Movements in funds – designated funds (current period)

	At 1 July 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 June 2018 £
<b>Designated funds</b>					
Property fund	41,797,633	-	-	(200,000)	41,597,633
Overseas fund	344,888	-	-	(130,000)	214,888
Heritage Fund	300,000	-	-	-	300,000
Repairs & Maintenance Funds	66,585	-	(22,124)	-	44,461
Leasehold Uplift	-	-	-	-	-
John Lawson Fund	27,173	-	(150)	-	27,023
Herbert Erik Reiss Memorial Fund	14,131	-	(600)	-	13,531
Edgar Gentilli Research Fund	8,927	-	(750)	-	8,177
Maternal 3rd World Care	1,909	-	-	-	1,909
Video Conferencing fund	185,109	-	-	(13,649)	171,460
Long term liability Fund	451,476	-	-	250,000	701,476
Trainees Committee Fund	24,680	-	-	-	24,680
Business Intelligence Development	-	-	-	90,000	90,000
<b>Total designated funds</b>	<b>43,222,511</b>	<b>-</b>	<b>(23,624)</b>	<b>(3,649)</b>	<b>43,195,238</b>
General funds	5,445,919	13,352,675	(12,660,170)	3,649	6,142,073
<b>Total unrestricted funds</b>	<b>48,668,430</b>	<b>13,352,675</b>	<b>(12,683,794)</b>	<b>-</b>	<b>49,337,311</b>
Pension fund	(1,989,000)	921,000	(52,000)	-	(1,120,000)
<b>Total funds including pension fund</b>	<b>46,679,430</b>	<b>14,273,675</b>	<b>(12,735,794)</b>	<b>-</b>	<b>48,217,311</b>

24b Movements in funds – designated funds (prior period)

	At 1 January 2016 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 June 2017 £
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Property fund	8,982,092	28,869,217	(102,367)	4,048,691	41,797,633
Overseas fund	417,128	-	(2,240)	(70,000)	344,888
Heritage Fund	300,000	-	-	-	300,000
Education Fund	228,523	-	-	(228,523)	-
Repairs & Maintenance Funds	149,479	-	(65,174)	(17,720)	66,585
Leasehold Uplift	200,000	-	-	(200,000)	-
John Lawson Fund	27,323	-	(150)	-	27,173
Herbert Erik Reiss Memorial Fund	14,731	-	(600)	-	14,131
Edgar Gentilli Research Fund	11,433	-	(2,506)	-	8,927
Maternal 3rd World Care	1,909	-	-	-	1,909
Video Conferencing fund	187,224	-	-	(2,115)	185,109
Long term liability Fund	231,476	-	-	220,000	451,476
Trainees Committee Fund	25,795	-	(1,115)	-	24,680
<b>Total designated funds</b>	<b>10,777,113</b>	<b>28,869,217</b>	<b>(174,152)</b>	<b>3,750,333</b>	<b>43,222,511</b>
General funds	8,663,372	19,298,625	(18,765,745)	(3,750,333)	5,445,919
<b>Total unrestricted funds</b>	<b>19,440,485</b>	<b>48,167,842</b>	<b>(18,939,897)</b>	<b>-</b>	<b>48,668,430</b>
Pension fund	(839,000)	(1,949,000)	799,000	-	(1,989,000)
<b>Total funds including pension fund</b>	<b>18,601,485</b>	<b>46,218,842</b>	<b>(18,140,897)</b>	<b>-</b>	<b>46,679,430</b>

**24 Movements in funds – designated 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.

**Heritage fund**

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

**Education fund**

Representing amounts set aside for the capital spend on educational facilities.

**Repairs & Maintenance funds**

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.

**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.

**Maternal 3rd World Care**

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

**Website Critical Support/Video Conferencing**

Provision to contribute to the design and rebuild of the College website. In 2016 the Board redesignated this fund to support the Video Conferencing project

**Long term liability fund.**

Funds designated by the Board to manage future pension and estate planning.

**Trainees' Committee Fund**

Funds designated by the Board for use by the Trainees' Committee.

25 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2018 £	18 months to 30 June 2017 £
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>(720,647)</b>	<b>31,784,493</b>
Depreciation charges	220,449	566,118
(Gains)/losses on investments	34,946	(858,386)
Dividends and interest from investments	(366,624)	(541,763)
(Profit)/loss on the disposal of fixed assets	-	(29,223,749)
(Increase)/decrease in stocks	7,290	696
(Increase)/decrease in debtors	19,567,903	(14,029)
Increase/(decrease) in creditors	375,866	1,387,657
Pension adjustments	52,000	(799,000)
<b>Net cash provided by operating activities</b>	<b>19,171,183</b>	<b>2,302,037</b>

26 Operating lease commitments

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

	Property		Equipment	
	2018 £	2017 £	2018 £	2017 £
Less than 1 year	300,000	200,000	29,972	31,042
1 – 5 Years	200,000	500,000	97,409	31,042
	-	-	-	-
	<b>500,000</b>	<b>700,000</b>	<b>127,381</b>	<b>62,084</b>

27 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 period was £492,602 (2017 – £726,303).

*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. During 2016 the Scheme moved to a sole trustee structure.

A full actuarial valuation of the scheme was carried out as at 31 March 2016 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 funding shortfall of £4.98m.

The Scheme is a non-segregated multi-employer scheme. On an approximate basis, RCOG is responsible for c84.8% of the total liability.

For the purposes of FRS102, the preliminary actuarial valuation as at 31 March 2016, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 30 June 2018. 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 RCOG's share of scheme liabilities, fair value of assets and deficit

	2018 £'000	18 months to 30 June 2017 £'000
Fair value of scheme assets	18,872	18,938
Present value of scheme liabilities	(19,992)	(20,927)
Surplus/(Deficit) in scheme	<b>(1,120)</b>	<b>(1,989)</b>

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 30 June 2018

27 Pension costs (continued)

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

	2018 £	18 months to 30 June 2017 £
Scheme liabilities at start of period	20,927	16,354
Interest cost	537	905
Actuarial losses	(908)	4,428
Benefits paid and expenses	(564)	(760)
Scheme liabilities at end of period	<u>19,992</u>	<u>20,927</u>

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

	2018 £'000	18 months to 30 June 2017 £'000
Fair value of scheme assets at period start	18,938	15,515
Expected return on scheme assets	13	3,336
Contributions by employer	485	847
Benefits paid and expenses	(564)	(760)
Fair value of scheme assets at end of period	<u>18,872</u>	<u>18,938</u>

The actual return on the scheme assets over the period ending 30 June 2018 was £498,000 (2017- £3,336,000).

**Contributions**

The total contributions made by the employer over the period of £nil (2017- £nil) includes 0% (2017 - 0%) 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 30 June 2018 is £0 (2017 - £0).

Total expense recognised in net incoming/(outgoing) resources

	2018 £'000	18 months to 30 June 2017 £'000
Interest on obligations	52	48
	<u>52</u>	<u>48</u>
Difference between expected and actual return on scheme assets Amount: (gain)	13	2,479
Experience gains and losses arising on the scheme liabilities Amount: loss	908	(4,428)
Amount: loss/(gain)	<u>921</u>	<u>(1,949)</u>

Notes to the financial statements

For the year ended 30 June 2018

27 Pension costs (continued)

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

	2018	18 months to 30 June 2017
Equities & Diversified Growth Funds	59.0%	55.8%
Corporate Bonds	32.2%	30.3%
UK Fixed Gilts	0.0%	0.0%
Cash & other	0.0%	5.5%
Annuities	0.0%	0.0%
Liability Driven Investments	8.8%	8.4%
Total assets	<u>100.0%</u>	<u>100.0%</u>

Pension costs (continued)

Assumptions

	30 June 2018 £'000	30 June 2017 £'000	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000
Inflation	3.0	3.2	3.0	3.0	3.4
Salary increases	3.0	3.0	3.0	3.0	3.0
Rate of discount	2.7	2.6	3.8	3.6	4.6
Allowance for pension in payment	2.9	3.1	2.9	2.9	3.3
Allowance for revaluation of deferred	<u>1.8</u>	<u>2.6</u>	<u>2.4</u>	<u>2.4</u>	<u>2.6</u>

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	26.7 years
Female retiring at age 60 in 2009	29.3 years
Male retiring at age 60 in 2029	28.6 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:

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 periods

	2018 £'000	2017 £'000
Fair value of assets	18,872	18,938
Present value of scheme liabilities	<u>(19,992)</u>	<u>(20,927)</u>
Surplus/(deficit) in scheme	<u>(1,120)</u>	<u>(1,989)</u>
Experience adjustment on scheme assets	908	2,479
Experience adjustment on scheme liabilities	-	-
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	<u>13</u>	<u>(4,428)</u>
Total	<u>921</u>	<u>(1,949)</u>