



**Royal
College
of Obstetricians
and
Gynaecologists**

Financial Statements

31 December 2011

Charity Commission for England and Wales
Registration Number 213280

Office of the Scottish Charity Regulator
Registration Number SC041594

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Independent auditor's report to the Council of the Royal College of Obstetricians and Gynaecologists

We have audited the financial statements of the Royal College of Obstetricians and Gynaecologists for the year ended 31 December 2011 which comprise the consolidated statement of financial activities, the consolidated and parent charity balance sheets, the consolidated cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, as a body, in accordance with Section 144 of the Charities Act 2011 and with regulations made under Section 154 of that Act and in accordance with Section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditor

As explained more fully in the Council's Responsibilities Statement set out in the Council's Annual Report, the Council is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under Section 144 of the Charities Act 2011 and section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

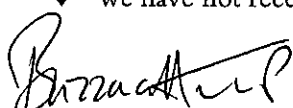
In our opinion the financial statements:

- ◆ give a true and fair view of the state of the group and charitable parent's affairs as at 31 December 2011 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; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

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

- ◆ the information given in the Council's Annual Report is inconsistent in any material respect with the financial statements; or
- ◆ 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.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

4 July 2012

Consolidated statement of financial activities Year to 31 December 2011

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2011 Total funds £	2010 Total funds £
Incoming resources						
Generated funds		1,519,174	184,041	51,000	1,754,215	1,784,460
Charitable activities		10,429,344	326,807	—	10,756,151	10,989,745
Total incoming resources	1	11,948,518	510,848	51,000	12,510,366	12,774,205
Resources expended						
Cost of generating funds		783,150	—	—	783,150	696,265
Charitable activities		9,763,179	1,506,304	—	11,269,483	10,022,385
Governance costs		50,263	—	—	50,263	115,574
Total resources expended	4	10,596,592	1,506,304	—	12,102,896	10,834,224
Net incoming (outgoing) resources before transfers		1,351,926	(995,456)	51,000	407,470	1,939,981
Gross transfers between funds	14	880,469	(880,469)	—	—	—
Net incoming (outgoing) resources before other recognised gains and losses	2	2,232,395	(1,875,925)	51,000	407,470	1,939,981
Net investment (losses) gains	10	(139,399)	(55,769)	(171,128)	(366,296)	761,606
Actuarial gains on defined benefit pension scheme	18	49,000	—	—	49,000	1,031,000
Net movement in funds		2,141,996	(1,931,694)	(120,128)	90,174	3,732,587
Fund balances brought forward at 1 January 2011		16,541,463	4,092,154	5,244,116	25,877,733	22,145,146
Fund balances carried forward at 31 December 2011		18,683,459	2,160,460	5,123,988	25,967,907	25,877,733

All of the charity's activities derived from continuing operations during the above two financial periods.

Balance sheets 31 December 2011

	Notes	Consolidated		Charity	
		2011 £	2010 £	2011 £	2010 £
Fixed assets					
Tangible fixed assets	8	10,487,226	10,690,663	10,487,226	10,690,663
Investments	10	10,752,582	11,066,693	10,752,584	11,066,695
		21,239,808	21,757,356	21,239,810	21,757,358
Current assets					
Stocks		333,477	331,276	260,905	331,276
Debtors	11	1,083,728	1,277,703	958,806	1,153,911
Cash at bank and in hand		6,046,722	5,508,350	6,046,722	5,507,910
		7,463,927	7,117,329	7,266,433	6,993,097
Creditors: amounts falling due within one year	12	(2,574,828)	(2,689,952)	(2,377,336)	(2,565,722)
Net current assets		4,889,099	4,427,377	4,889,097	4,427,375
Total net assets excluding pension liability		26,128,907	26,184,733	26,128,907	26,184,733
Pension liability	18	(161,000)	(307,000)	(161,000)	(307,000)
Total net assets including Pension liability		25,967,907	25,877,733	25,967,907	25,877,733
Represented by:					
Funds and reserves					
Capital funds					
. Permanent endowment funds	13	4,530,608	4,690,908	4,530,608	4,690,908
. Expendable endowment funds		593,380	553,208	593,380	553,208
		5,123,988	5,244,116	5,123,988	5,244,116
Income funds					
Unrestricted funds					
. General funds	15	6,990,461	5,639,836	6,990,461	5,639,836
. Designated funds	16	11,853,998	11,208,627	11,853,998	11,208,627
Restricted funds	14	2,160,460	4,092,154	2,160,460	4,092,154
Total funds excluding Pension reserve		26,128,907	26,184,733	26,128,907	26,184,733
Pension reserve	15	(161,000)	(307,000)	(161,000)	(307,000)
Total funds		25,967,907	25,877,733	25,967,907	25,877,733

Approved by Council
and signed on its behalf by:



Trustee

Approved on: 26/5/2012

Consolidated cash flow statement Year to 31 December 2011

	Notes	2011 £	2010 £
Cash inflow from operating activities	A	594,078	1,069,192
Returns on investments and servicing of finance	B	247,973	200,017
Capital expenditure and financial investment	B	(180,777)	(35,208)
Increase in cash	C	661,274	1,234,001

Notes to the cash flow statement for the year to 31 December 2011:

A Adjustment of net incoming (outgoing) resources before net investment gains (losses) to net cash outflow from operating activities

	2011 £	2010 £
Net incoming resources	407,470	1,939,981
Movement on endowment funds	—	(66,436)
FRS17 Pension adjustments	(97,000)	(554,000)
Depreciation	454,931	554,465
Investment income receivable	(247,973)	(200,017)
Decrease in stocks	(2,201)	4,779
Increase in debtors	193,975	(49,856)
(Decrease) increase in creditors	(115,124)	(559,724)
Net cash inflow from operating activities	594,078	1,069,192

B Gross cash flows

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	111,621	46,359
Investment income received	136,352	153,658
	247,973	200,017
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(251,494)	(162,298)
Receipts from the disposal of endowment investment	—	66,436
Receipts from disposal of investments	871,330	5,604,589
Payments to acquire investments	(800,613)	(5,543,935)
	(180,777)	(35,208)

Consolidated cash flow statement Year to 31 December 2011

C Analysis of changes in net cash

	At 1 January 2011 £	Cash flows £	At 31 December 2011 £
Cash at bank and in hand	5,508,350	538,372	6,046,722
Cash held by investment managers	55,528	122,902	178,430
	5,563,878	661,274	6,225,152

Principal accounting policies 31 December 2011

Accounting policies

The financial statements are prepared under the Charities Act 2011 in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), issued in March 2005. The particular accounting policies adopted by Council are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets.

Consolidated financial statements

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

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

Fund accounting

General funds are available for use at the discretion of the Council in furtherance of the charitable objectives of the College.

Designated funds comprise general funds which have been set aside at the discretion of the Council for specific purposes.

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

Permanent endowment funds comprise monies which must be held indefinitely as capital. Income generated from the funds being applied towards specific or general purposes as appropriate.

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

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

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

Incoming resources

All income is accounted for on a receivable basis.

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

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

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

Grant income is recognised in the accounting period to which it relates.

Legacies are credited to income when the amount receivable is reliably known and the ultimate receipt is reasonably certain.

Resources expended and the basis of apportioning costs

All expenditure is accounted for on an accruals basis.

The cost of generating funds comprises the costs of generating funds for the College including the expenditure of the trading subsidiary and investment manager fees.

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

Support costs include the cost of service centres and the costs of Council, the Finance and Executive Committee, overseas committees, Officers' expenses and all other Committees. Support costs other than finance costs are apportioned between cost of generating funds and charitable activities on the basis of time spent. Finance costs are apportioned based on the level of financial activity in each area.

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

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

Tangible fixed assets and depreciation

Tangible fixed assets other than donated assets (see below) are initially recognised at cost including any incidental expenses of acquisition. All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets and depreciation (continued)

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

All additions are depreciated for a full year in the year of acquisition.

Donated assets include historic donations of furniture, books, pictures and equipment by the late Professor Blair-Bell and others. Certain of these assets, which the College does not intend to sell, were initially recognised in the financial statements at an estimate of their open market value at 31 December 2006. These assets were professionally valued during 2007.

The remaining donated assets fulfil the definition of heritage assets in SORP 2005 in that they are held as a record of the history and heritage of the specialty. These assets have not been included in the balance sheet because the cost of ascertaining their value would outweigh the benefit.

Donated assets

Fixed assets received by way of legacy are included in incoming resources and capitalised initially at their probate value. Other assets received as gifts are initially recognised at their estimated market value at the time of receipt. Assets held at 31 December 2006 which had previously been recognised in the financial statements at an estimate of their market value at that date were professionally valued at 31 December 2007.

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

Investments

Investments are stated at mid-market value at the balance sheet date. Realised and unrealised gains and losses on investments are credited or charged in the Statement of Financial Activities against the fund for which those assets are held.

Stocks

Stocks are valued at the lower of cost and net realisable value. Library books are written off as expenditure is incurred.

Cash at bank and in hand

For the purposes of the cashflow statement, cash or liquid resources comprises sums on deposit with recognised banks, but not cash held by investment managers for reinvestment.

Pension costs

◆ **Defined benefit scheme**

The defined benefit pension scheme assets are measured using market values. The scheme's liabilities are measured using the projected unit 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.

◆ **Defined contribution scheme**

Contributions in respect of the College's defined contribution pension scheme are charged to the statement of financial activities for the year in which they are payable to the scheme.

Operating leases

The costs of operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease.

Notes to the financial statements 31 December 2011

1 Incoming resources

	Unrestricted funds £	Restricted funds £	Endowment funds £	2011 Total funds £	2010 Total funds £
Generated funds					
RCOG Trading Limited (see note 3)	1,212,816	—	—	1,212,816	1,232,911
Investment income	108,019	139,954	—	247,973	200,017
Donations and legacies	83,775	44,087	51,000	178,862	269,360
Other income	114,564	—	—	114,564	82,172
	1,519,174	184,041	51,000	1,754,215	1,784,460
Charitable activities					
Conference and meetings	1,513,479	—	—	1,513,479	1,670,517
Examinations	2,460,388	—	—	2,460,388	2,418,864
International initiatives	—	126,384	—	126,384	98,654
Fellows and members	3,262,814	—	—	3,262,814	3,294,392
Standards and clinical governance	377,389	87,412	—	464,801	634,660
Education and training initiatives	319,753	113,011	—	432,764	384,874
The National Collaborating Centre for Women's and Children's Health (NCC – WCH)	1,657,326	—	—	1,657,326	1,881,600
British Journal of Obstetrics and Gynaecology (BJOG)	582,481	—	—	582,481	403,852
Accommodation and service charges	255,714	—	—	255,714	202,332
	10,429,344	326,807	—	10,756,151	10,989,745
Total incoming resources	11,948,518	510,848	51,000	12,510,366	12,774,205

2 Net incoming (outgoing) resources before other recognised gains and losses

This is stated after charging:

	2011 Total funds £	2010 Total funds £
Auditor's remuneration		
. Audit services - College	20,000	25,000
. Audit services - Subsidiary	5,250	6,000
. Other services	11,115	7,000
Operating lease rentals and buildings		
. Land	144,000	144,000
. Other	22,327	21,471

Notes to the financial statements 31 December 2011

3 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 will donate its taxable profits to the College under gift aid. Trading results extracted from its audited financial statements are shown below:

Profit and loss account	2011 £	2010 £
Turnover	1,236,326	1,234,698
Cost of sales	(522,526)	(536,736)
Gross profit	713,800	697,962
Administrative expenses	(223,168)	(163,484)
Operating profit	490,632	534,478
Profit on ordinary activities before taxation	490,632	534,478
Taxation	—	—
Profit on ordinary activities after taxation	490,632	534,478
Gift aid to Royal College of Obstetricians and Gynaecologists	(490,632)	(534,478)
Profit retained for the financial year	—	—
Balance sheet		
Debtors	165,475	173,322
Stock	72,573	—
Cash at bank	—	440
	238,048	173,762
Creditors: amounts falling due within one year	(238,046)	(173,760)
Net assets	2	2
Share capital	2	2
Profit and loss account	—	—
Capital and reserves as at 31 December 2011	2	2

Notes to the financial statements 31 December 2011

4 Resources expended

	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds Restated £
Cost of generating funds				
Investment management costs	25,694	—	25,694	10,844
Activities for generating funds				
RCOG Trading Company Limited	575,674	—	575,674	536,741
Accommodation and service charges	181,782	—	181,782	148,680
	<u>783,150</u>	<u>—</u>	<u>783,150</u>	<u>696,265</u>
Charitable activities				
Conference and meetings	1,486,248	—	1,486,248	1,650,643
Examinations	1,483,705	33,224	1,516,929	1,256,232
International Initiatives	462,254	219,097	681,351	380,932
Fellows and Members	2,903,723	—	2,903,723	2,608,248
Standards and Clinical Governance	931,600	310,992	1,243,592	1,003,674
Education and Training Initiatives	396,499	667,207	1,063,706	765,842
BJOG	342,218	—	342,218	291,010
NCC – WCH	1,738,022	—	1,738,022	1,607,917
Special funds (notes 13, 14 & 16)	18,910	275,784	294,694	457,887
	<u>9,763,179</u>	<u>1,506,304</u>	<u>11,269,483</u>	<u>10,022,385</u>
Governance	<u>50,263</u>	<u>—</u>	<u>50,263</u>	<u>115,576</u>
	<u>10,596,592</u>	<u>1,506,304</u>	<u>12,102,896</u>	<u>10,834,224</u>

5 Support costs

	Staff costs £	Other costs £	2011 Total £	2010 Total £
Officers, Council and Administration	667,928	355,738	1,023,666	913,510
Finance	265,681	416,409	682,090	423,031
Facilities and Premises	452,062	789,820	1,241,882	1,203,530
Other				
• Depreciation	—	454,931	454,931	554,465
• IT	289,319	163,291	452,610	388,635
• Personnel/pension	100,789	239,605	340,394	(334,020)
	<u>1,775,779</u>	<u>2,419,794</u>	<u>4,195,573</u>	<u>3,149,151</u>

5 Support costs (continued)

Support costs have been allocated as follows:

	Officers, Council and Administ- ration £	Finance £	Facilities and Premises £	Other £	2011 Total £	2010 Total Restated £
Charitable activities						
Conference and meetings	95,670	119,420	116,064	116,629	447,783	570,513
Examinations	143,505	166,438	174,096	174,944	658,983	474,824
International initiatives	78,130	14,933	94,785	95,247	283,095	10,284
Fellow and Members	312,522	264,542	379,141	380,990	1,337,195	1,134,074
Standards and Clinical Governance	145,099	51,663	176,030	176,888	549,680	402,149
Education and Training Initiatives	172,205	46,195	208,915	209,933	637,248	345,537
BJOG	36,673	—	44,491	44,708	125,872	94,430
Special funds (note 14)	—	18,899	—	—	18,899	14,700
Accommodation & Service charges	39,862	—	48,360	48,596	136,818	102,640
	<u>1,023,666</u>	<u>682,090</u>	<u>1,241,882</u>	<u>1,247,935</u>	<u>4,195,573</u>	<u>3,149,151</u>
2010	<u>913,510</u>	<u>423,031</u>	<u>1,203,530</u>	<u>609,080</u>	<u>3,149,151</u>	

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

BJOG

The position at 2011 shows support costs of £125,872 (2010 - £94,430) following a reallocation of total direct expenditure associated with the journal. Some of these costs were previously reflected in the Fellows and Members category and the comparatives have been restated.

International Initiatives

The position at 2011 of £283,095 (2010 - £10,284) includes a full allocation of support costs. In previous years International Initiatives had only been charged with a portion of finance costs. The full charge has been applied because this area of activity had previously been a fledgling department operating within Administration.

Education and Training Initiatives

In September 2011, the Education, Marketing, Research and Development Department was established. The allocation of support costs of £637,248 (2010 - £345,537) now includes an additional portion resulting from this new area of activity. Some of the costs associated with this department have been transferred from Conference and Meetings.

Notes to the financial statements 31 December 2011

6 Staff costs

	2011 £	2010 £
Wages and salaries	4,876,287	4,338,125
Social security costs	465,502	403,316
Pension costs (includes FRS 17 adjustment of £(81)k (2010: £(609)k)	356,841	(215,039)
	5,698,630	4,526,402

	2011 Number	2010 Number
The average number of employees was:	139	136

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

	2011 Number	2010 Number
£60,001 - £70,000	3	3
£70,001 - £80,000	2	1
£80,001 - £90,000	—	1
£90,001 - £100,000	1	—

7 Council members

The Council members received no emoluments or other personal benefits during the year (2010 – £nil).

Out of pocket expenses were reimbursed to Council members, in their capacity as trustees, as follows:

	2011 Number	2011 £	2010 Number	2010 £
Travel and subsistence	28	27,012	29	38,708

8 Tangible fixed assets

Consolidated and charity	Leasehold buildings £	Plant, furniture & equipment £	Donated assets £	Total £
Cost or valuation				
At 1 January 2011	12,740,259	5,394,721	300,000	18,434,980
Additions	—	251,424	—	251,424
VAT adjustment (see below)	70	—	—	70
At 31 December 2011	12,740,329	5,646,145	300,000	18,686,474
Depreciation				
At 1 January 2011	2,605,224	5,139,093	—	7,744,317
Charge for year	254,805	200,126	—	454,931
At 31 December 2011	2,860,029	5,339,219	—	8,199,248
Net book values				
At 31 December 2011	9,880,300	306,926	300,000	10,487,226
At 31 December 2010	10,135,035	255,628	300,000	10,690,663

The VAT adjustment is a Capital Goods Scheme VAT adjustment made on the recovery of prior years' input VAT on the construction of the Education Centre.

The College has certain donated assets which were previously regarded as historic and inalienable and did not have to be included on the College's balance sheet. The donated assets have been stated at £300,000, based on a professional valuation by Messrs Bonhams in 2007. 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.

9 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 O&G. 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

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

Notes to the financial statements 31 December 2011

9 Heritage Assets (continued)

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 is unlikely be reflected in the open market. As a result, these items are not reflected in the consolidated balance sheet of the College.

10 Fixed asset investments

Consolidated	2011 £	2010 £
Market value as at 1 January 2011	11,011,165	10,310,213
Additions	800,613	5,543,935
Disposals (proceeds £871,330; loss £29,414)	(900,744)	(5,623,299)
Net unrealised investment (losses) gains	(336,882)	780,316
Market value as at 31 December 2011	10,574,152	11,011,165
Cash held by investment managers for reinvestment	178,430	55,528
	10,752,582	11,066,693
Cost of listed investments at 31 December 2011	10,456,088	10,717,607

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

Significant investments were as follows:

	2011 £	2010 £
MFM Newton Phoenix 'B' Fund Inc	7,182,405	7,404,464

Listed investments held at 31 December 2011 comprised the following:

	2011 £	2010 £
UK based unit trusts	7,182,405	7,404,464
UK based equity funds	1,977,739	2,388,520
Overseas based equity funds	1,079,563	903,548
UK Government bonds	334,443	314,633
Total	10,574,150	11,011,165

11 Debtors

	Consolidated		Charity	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	518,480	809,641	350,176	685,849
Amounts owed by subsidiary	—	—	40,552	—
Other debtors	157,756	180,485	160,586	180,485
Prepayments and accrued income	407,492	287,577	407,492	287,577
Total	1,083,728	1,277,703	958,806	1,153,911

12 Creditors: amounts falling due within one year

	Consolidated		Charity	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	280,619	350,341	265,081	322,834
Amounts owed to subsidiary	—	—	—	49,529
Deferred income	1,028,629	1,288,276	867,543	1,154,869
Taxation and social security costs	334,843	650,408	329,181	643,747
Accruals	930,737	400,927	915,531	394,743
	2,574,828	2,689,952	2,377,336	2,565,722

13 Endowment funds

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

	At 1 January 2011 £	Incoming resources £	Investment gains (losses) £	At 31 December 2011 £
Permanent endowments				
Edgar Research – Jean Ethel Gentilli Scholarship	2,238,766	—	(76,504)	2,162,262
F&W Blair-Bell Memorial Fund	971,065	—	(33,184)	937,881
Sims Black Travelling Professors Fund	939,599	—	(32,108)	907,491
Thomas Watts Eden Fellowship	243,314	—	(8,315)	234,999
G-A & Spackman S/T Travel	118,641	—	(4,054)	114,587
Green Armytage Anglo American Fund	29,290	—	(1,001)	28,289
Tim Chard Prize Fund	27,465	—	(939)	26,526
Florence Blair-Bell Art Fund	26,227	—	(896)	25,331
William Blair Bell Memorial Lectureship	25,232	—	(862)	24,370
Victor Bonney Prize Fund	24,055	—	(822)	23,233
James Wyatt Dining Fund	13,346	—	(456)	12,890
JY Simpson Oration Fund	12,381	—	(423)	11,958
WMF Shaw Memorial Lectureship	11,931	—	(408)	11,523
Sir Eardley Holland Medal Fund	9,596	—	(328)	9,268
	4,690,908	—	(160,300)	4,530,608
Expendable endowments				
President's Fund	419,777	—	(14,345)	405,432
Ethicon Foundation Fund	133,431	—	(4,560)	128,871
Lindsay Stewart Fund	—	51,000	8,077	59,077
	553,208	51,000	(10,828)	593,380
Total endowment funds	5,244,116	51,000	(171,128)	5,123,988

13 Endowment funds (continued)

Edgar Research - Jean Ethel Gentilli Scholarship

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

Florence and William Blair-Bell Memorial Fund

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

Sims Black Travelling Fund

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

Thomas Watts Eden Fellowship

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

Green Armytage and Spackman Travelling Scholarship Fund –

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

President's Fund

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

Lindsay Stewart Research and Development Fund

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

Ethicon Foundation Fund

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

Other Endowed Funds

The smaller funds are held for various prizes and awards.

14 Restricted funds

	At 1 January 2011 £	Incoming resources £	Resources expended £	Investment gains (losses) £	Transfers £	At 31 December 2011 £
Scholarship and lecture funds						
Lockyer Travelling Fellowship	871,284	16,524	(10,837)	(29,774)	—	847,197
Bernhard Baron Scholarship fund	324,019	6,145	(12,143)	(11,072)	—	306,949
Sims Black Travelling Professors Fund	195,237	21,523	(24,029)	—	—	192,731
Thomas Watts Eden Fellowship	35,379	5,286	(3,466)	—	—	37,199
Other funds	34,646	4,168	(6,547)	—	137	32,404
	<u>1,460,565</u>	<u>53,646</u>	<u>(57,022)</u>	<u>(40,846)</u>	<u>137</u>	<u>1,416,480</u>
Research funds						
Sir William Gilliatt Memorial Fund	296,986	5,632	(169,628)	(10,149)	(17,165)	105,676
Edgar Research – Jean Ethel Gentilli Scholarship	17,934	42,799	(28,070)	—	—	32,663
F&W Blair-Bell Memorial Fund	34,789	19,077	—	—	—	53,866
	<u>349,709</u>	<u>67,508</u>	<u>(197,698)</u>	<u>(10,149)</u>	<u>(17,165)</u>	<u>192,205</u>
Other special purpose funds						
Marjorie Kuck	40,783	1,906	(4,507)	(1,394)	—	36,788
Millennium Endometriosis Fund	30,631	581	(5,494)	(1,047)	—	24,671
President's Fund	—	7,961	(7,366)	—	—	595
Overseas Fund	—	—	—	—	—	—
Other funds	200,610	24,602	(3,694)	(2,333)	(35,523)	183,662
	<u>272,024</u>	<u>35,050</u>	<u>(21,061)</u>	<u>(4,774)</u>	<u>(35,523)</u>	<u>245,716</u>
Government grants						
NCC – WCH	789,277	—	—	—	(789,277)	—
International Doctors Training Programme	517,428	58,000	(575,428)	—	—	—
Other government grants	703,151	296,644	(655,095)	—	(38,641)	306,059
	<u>2,009,856</u>	<u>354,644</u>	<u>(1,230,523)</u>	<u>—</u>	<u>(827,918)</u>	<u>306,059</u>
Total restricted funds	<u>4,092,154</u>	<u>510,848</u>	<u>(1,506,304)</u>	<u>(55,769)</u>	<u>(880,469)</u>	<u>2,160,460</u>

The specific purpose for which the funds are to be applied are as follows:

Bernhard Baron Scholarship Fund

A fund for the provision of travel awards to Fellows or Members.

Lockyer Travelling Fellowship

To fund College travel and facilitate links with Fellows and Members.

Sir William Gilliatt Memorial Fund

To encourage research in all aspects of obstetrics and gynaecological medicine.

Millennium Endometriosis Fund

The object of the fund is to stimulate and encourage research, clinical or laboratory based, in the field of endometriosis, or to encourage clinicians to acquire extra clinical skills to manage patients with the disease.

14 Restricted funds (continued)

Marjorie Kuck fund

Provided for research into the medical problems of obstetrics.

Government grants

Grants for specific purposes relating to College activities.

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

Other restricted funds from which income is earned from an endowment fund are detailed in note 13.

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

15 Unrestricted funds

	General funds £	Designated funds £	Pension reserve £	Total £
At 1 January 2011	5,639,836	11,208,627	(307,000)	16,541,463
Incoming resources	11,718,518	230,000	—	11,948,518
Resources expended	(10,681,039)	(12,553)	97,000	(10,596,592)
Transfers from restricted funds	452,545	427,924	—	880,469
Net investment gains/actuarial gains	(139,399)	—	49,000	(90,399)
At 31 December 2011	6,990,461	11,853,998	(161,000)	18,683,459

16 Designated funds

	At 1 January 2011 £	New designations £	Utilised/ released £	At 31 December 2011 £
Property fund	10,135,035	—	—	10,135,035
Overseas Fund	423,540	—	(4,037)	419,503
NCC-WCH	—	427,924	—	427,924
Heritage fund	300,000	—	—	300,000
Education fund	228,523	—	—	228,523
Repairs fund	58,893	60,000	(1,641)	117,252
Leasehold Uplift	—	100,000	—	100,000
John Lawson fund	25,064	—	3,141	28,205
Soft Furnishings - DOMUS	—	20,000	—	20,000
Soft Furnishings - Other	—	20,000	—	20,000
Herbert Erik Reiss Memorial Fund	17,771	—	(158)	17,613
Edgar Gentilli Research Fund	13,917	—	—	13,917
Recruitment fund	—	20,000	(7,234)	12,766
Carpet Provision	—	10,000	—	10,000
Maternal 3 rd World Care	—	—	1,909	1,909
Scottish Office	5,884	—	(4,533)	1,351
	11,208,627	657,924	(12,553)	11,853,998

16 Designated funds (continued)

Heritage fund

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

Property Fund

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

Education Fund

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

Repairs Fund

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

Scottish Office

One off donation from Bayer Ltd to support administration for educational activities in Scotland.

Overseas Fund

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

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2011 £	Total 2010 £
Fund balances at 31 December 2011 are represented by:					
Tangible fixed assets	10,487,226	—	—	10,487,226	10,690,663
Investments	3,511,100	2,117,494	5,123,988	10,752,582	11,066,693
Net current assets	4,846,133	42,966	—	4,889,099	4,427,377
Total net assets excluding pension liability	18,844,459	2,160,460	5,123,988	26,128,907	26,184,733

18 Pension costs

Defined Contribution Scheme

The College operates a pension scheme based on defined contributions. The assets of the scheme are held separate from those of the College and are invested in exempt approved investment funds. The defined contribution scheme is open to all staff. The cost for the year was £173,363 (2010- £137,344).

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 35 present employees. The level of retirement benefit is principally based on the best salary earned in the last three years of employment.

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

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

For the purposes of FRS17, the preliminary actuarial valuation as at 1 April 2010, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2011. This update is inherently less rigorous than a full valuation, adding to the level of uncertainty which pervades any assessment of the current value of the scheme's long term obligations and likely ability of the expected performance of its assets to meet those obligations.

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

	31 December 2011 £'000s	31 December 2010 £'000s	31 December 2009 £'000s	31 December 2008 £'000s	31 December 2007 £'000s
Fair value of scheme assets	13,825	13,079	11,534	9,212	8,493
Present value of scheme liabilities	13,986	13,386	13,426	9,981	10,535
Deficit in scheme	(161)	(307)	(1,892)	(769)	(2,042)

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.

18 Pension costs (continued)

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

	Period ending 31 December 2011 £'000s	Period ending 31 December 2010 £'000s
Scheme liabilities at start of period	13,386	13,426
Current service cost	227	183
Interest cost	728	771
Contributions by scheme participants	81	80
Actuarial losses (gains)	94	(259)
Benefits paid and expenses	(530)	(337)
Loss and (gains) or curtailment	—	(478)
Scheme liabilities at end of period	13,986	13,386

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

	Period ending 31 December 2011 £'000s	Period ending 31 December 2010 £'000s
Fair value of scheme assets at start of period	13,079	11,534
Expected return on scheme assets	744	716
Actuarial gains	143	772
Contributions by employer	308	314
Contributions by scheme participants	81	80
Benefits paid and expenses	(530)	(337)
Fair value of scheme assets at end of period	13,825	13,079

The actual return on the scheme assets over the period ending 31 December 2011 was £887,000 (2010 - £1,488,000).

Contributions

The total contributions made by the employer over the period of £308,000 (2010 - £314,000) includes 25.4% (2010 - 26.1%) employer's contributions towards the final salary scheme.

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2011 is £330,000 (2010 - £310,000).

18 Pension costs (continued)

Total expense recognised in consolidated statement of financial activities

	Period ending 31 December 2011 £'000s	Period ending 31 December 2010 £'000s
Current service cost	227	183
Employers contributions	(308)	(314)
Interest cost	728	771
Expected return on scheme assets	(744)	(716)
Losses and (gains) on curtailments and settlements	—	(478)
Total credit recognised in consolidated statement of financial activities	97	554

Statement of total recognised gains and losses

	Period ending 31 December 2011 £'000s	Period ending 31 December 2010 £'000s
Difference between expected and actual return on scheme assets		
. Amount: gain	143	772
Experience gains and losses arising on the scheme liabilities		
. Amount: loss	(44)	(244)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities		
. Amount: (loss) gain	(50)	503
Total amount recognised in consolidated statement of financial activities		
. Amount: gain	49	1,031

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a loss of £1,698,000 (2010 - £1,747,000).

Assets

	31 December 2011 £'000s	31 December 2010 £'000s	31 December 2009 £'000s	31 December 2008 £'000s
Equities	4,880	5,206	4,340	3,621
Bonds	4,258	2,995	3,906	5,361
Gilts	4,576	4,355	3,196	—
Cash	111	523	92	230
Total assets	13,825	13,079	11,534	9,212

Notes to the financial statements 31 December 2011

18 Pension costs (continued)

In the Total Assets at 31 December 2008 the bond holdings were not separate between corporate bonds and gilts. These amounts have not been restated. None of the fair values of the assets shown above include any of the College's own financial instruments or any property occupied by, or other assets used by, the College.

Assumptions

	31 December 2011 % per annum	31 December 2010 % per annum	31 December 2009 % per annum	31 December 2008 % per annum
Inflation	2.9	3.4	3.7	3.1
Salary increases	2.9			4.1
Rate of discount	4.8	5.4	5.7	6.3
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.9	3.4	3.7	3.1
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.9	3.4	3.7	3.1
Allowance for commutation of pension for cash at retirement	—	—	—	—

The mortality assumptions adopted at 31 December 2011 are SAPS YOB tables, Medium Cohort with a minimum improvement of 1.0% pa. These imply the following life expectancies:

Male retiring at age 60 in 2009	25.9 years
Female retiring at age 60 in 2009	28.6 years
Male retiring at age 60 in 2029	28.0 years
Female retiring at age 60 in 2029	30.7 years

Expected long term rates of return

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

	Period ended 31 December 2011 % per annum	Period ended 31 December 2010 % per annum	Period ended 31 December 2009 % per annum	Period ended 31 December 2008 % per annum
Equities	6.0	7.5	8.0	7.3
Corporate Bonds	4.6	5.4	5.7	5.0
Gilts	2.5	4.0	4.4	—
Cash	0.5	0.5	4.2	3.5
Overall for scheme	4.4	5.7	6.2	5.9

18 Pension costs (continued)

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

Assumption	Change in assumption	Approximate impact on scheme liabilities
Discount rate	Increase by 0.5% p.a.	Decrease by 10%
Rate of inflation	Increase by 0.5% p.a.	Increase by 7%
Rate of salary growth	Increase by 0.5% p.a.	Increase by 2%
Rate of mortality	1 year increase in life expectancy	Increase by 2%

Amounts for the current and previous four periods

	31 December 2011 £'000s	31 December 2010 £'000s	31 December 2009 £'000s	31 December 2008 £'000s	31 December 2007 £'000s
Fair value of assets	13,825	13,079	11,534	9,212	8,493
Present value of scheme liabilities	13,986	13,386	13,426	9,981	10,535
Deficit in scheme	(161)	(307)	(1,892)	(769)	(2,042)
Experience adjustment on scheme assets	143	772	493	(1,285)	(329)
Experience adjustment on scheme liabilities	(44)	(244)	(155)	131	(223)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(50)	503	(2,570)	1,125	186
Total	49	1,031	(2,232)	(29)	(366)

19 Financial commitments

At 31 December 2011 the College had annual commitments under non-cancellable leases which expire as follows:

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire:				
Between two to five years	119,000	119,000	—	22,327
Over five years	25,000	25,000	—	—