



**Royal
College
of Obstetricians
and
Gynaecologists**

Financial Statements

31 December 2009

Charity Registration Number
213280

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Report of the independent auditors 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 2009 which comprise the consolidated statement of financial activities, consolidated and parent charity balance sheets, the consolidated cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's Council, as a body, in accordance with Section 43 of the Charities Act 1993 and with regulations made under Section 44 of that act. 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 auditors

The Council's responsibilities for preparing the annual report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Council's responsibilities contained within the Annual Report 2009.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with the regulations made under of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Annual Report is not consistent with the financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

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

Basis of opinion

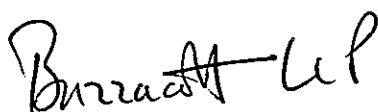
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland), issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and parent charity as at 31 December 2009 and of the group's incoming resources and application of resources for the year then ended; and
- ◆ the financial statements have been properly prepared in accordance with the Charities Act 1993.



Buzzacott LLP
Chartered Accountants and Statutory Auditors
12 New Fetter Lane
London
EC4A 1AG

4 June 2010

Consolidated statement of financial activities Year to 31 December 2009

	Notes	Unrestricted funds £	Restricted funds £	2009 Total funds £	2008 Total funds £
Incoming resources					
Generated funds		1,432,721	183,619	1,616,340	2,097,333
Charitable activities		8,382,962	3,163,735	11,546,697	12,277,508
Other incoming resources		—	—	—	2,794,827
Total incoming resources	1	9,815,683	3,347,354	13,163,037	17,169,668
Resources expended					
Cost of generating funds	5	821,788	—	821,788	986,628
Charitable activities	5	8,628,914	3,541,646	12,170,560	12,657,945
Governance costs		67,874	—	67,874	70,016
Total resources expended		9,518,576	3,541,646	13,060,222	13,714,589
Net incoming (outgoing) resources before transfers					
	2	297,107	(194,292)	102,815	3,455,079
Gross transfers between funds	13	35,532	(35,532)	—	—
Net incoming (outgoing) resources before other recognised gains and losses		332,639	(229,824)	102,815	3,455,079
Net investment gains (losses)	10	154,101	987,960	1,142,061	(2,714,863)
Actuarial losses on defined benefit pension scheme	17	(2,232,000)	—	(2,232,000)	(29,000)
Net movement in funds		(1,745,260)	758,136	(987,124)	711,216
Fund balances brought forward at 1 January					
		15,444,072	8,147,933	23,592,005	22,880,789
Transfer of net assets to CMACE Limited	4	—	(459,735)	(459,735)	—
Fund balances carried forward at 31 December		13,698,812	8,446,334	22,145,146	23,592,005

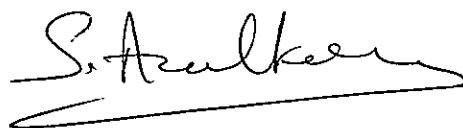
All of the charity's activities derived from continuing operations during the above two financial periods with the exception of Confidential Enquiry into Child and Maternal Health (CEMACH) which transferred to a new charity, Centre for Maternal and Child Enquiries (CMACE), with effect from 1 July 2009. The results of CEMACH up to the period ended 30 June 2009 are set out in note 4 to the financial statements.

Balance sheets 31 December 2009

	Notes	Consolidated		Charity	
		2009 £	2008 £	2009 £	2008 £
Fixed assets					
Tangible fixed assets	9	11,082,830	11,489,854	11,082,830	11,445,927
Investments	10	10,311,311	9,169,250	10,311,313	9,169,252
		<u>21,394,141</u>	<u>20,659,104</u>	<u>21,394,143</u>	<u>20,615,179</u>
Current assets					
Stocks		336,055	390,798	336,055	390,798
Debtors	11	1,227,847	880,259	1,087,360	740,755
Cash at bank and in hand		4,328,779	5,637,794	4,292,200	4,633,840
		<u>5,892,681</u>	<u>6,908,851</u>	<u>5,715,615</u>	<u>5,765,393</u>
Creditors: amounts falling due within one year	12	<u>(3,249,676)</u>	<u>(3,206,950)</u>	<u>(3,072,612)</u>	<u>(2,477,141)</u>
Net current assets		<u>2,643,005</u>	<u>3,701,901</u>	<u>2,643,003</u>	<u>3,288,252</u>
Total net assets excluding pension liability		<u>24,037,146</u>	<u>24,361,005</u>	<u>24,037,146</u>	<u>23,903,431</u>
Pension liability	17	<u>(1,892,000)</u>	<u>(769,000)</u>	<u>(1,892,000)</u>	<u>(769,000)</u>
Total net assets including Pension liability		<u>22,145,146</u>	<u>23,592,005</u>	<u>22,145,146</u>	<u>23,134,431</u>
Represented by:					
Funds and reserves					
Unrestricted funds					
. General funds	14	4,510,813	4,873,844	4,510,813	4,873,844
. Designated funds	15	11,079,999	11,339,228	11,079,999	11,339,228
Restricted funds	13	<u>8,446,334</u>	<u>8,147,933</u>	<u>8,446,334</u>	<u>7,690,359</u>
Total funds excluding Pension reserve		<u>24,037,146</u>	<u>24,361,005</u>	<u>24,037,146</u>	<u>23,903,431</u>
Pension reserve	14	<u>(1,892,000)</u>	<u>(769,000)</u>	<u>(1,892,000)</u>	<u>(769,000)</u>
Total funds		<u>22,145,146</u>	<u>23,592,005</u>	<u>22,145,146</u>	<u>23,134,431</u>

Approved by Council
and signed on its' behalf by:

Trustee



Approved on:

22/5/10

Consolidated cash flow statement Year to 31 December 2009

	Notes	2009 £	2008 £
Cash outflow from operating activities	A	687,113	(386,138)
Returns on investments and servicing of finance	B	194,795	381,679
Capital expenditure and financial investment	B	(136,930)	1,873,558
Acquisitions and disposals	B	(2,053,993)	—
(Decrease) increase in cash	C	(1,309,015)	1,869,099

Notes to the cash flow statement for the year to 31 December 2009.

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

	Continuing £	Discontinued £	2009 £	2008 £
Net incoming resources	100,654	2,161	102,815	3,455,079
FRS17 Pension adjustments	(1,109,000)	—	(1,109,000)	(1,302,000)
Depreciation	489,160	17,157	506,317	507,131
Net gain on disposal of tangible fixed assets	—	—	—	(2,794,827)
Investment income receivable	(214,242)	—	(214,242)	(381,679)
Decrease (increase) in stocks	54,743	—	54,743	(39,376)
(Increase) decrease in debtors	(413,261)	(111,541)	(524,802)	468,600
Increase (decrease) in creditors	735,984	1,135,298	1,871,282	(299,066)
Net cash outflow from operating activities	(355,962)	(1,043,075)	(687,113)	(386,138)

B Gross cash flows

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest received	20,556	239,488
Investment income received	174,239	142,191
	194,795	381,679
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(136,930)	(1,187,486)
Receipts from disposal of tangible fixed assets	—	3,171,702
Payments to acquire investments	—	(110,658)
	(136,930)	1,873,558
Acquisitions and disposals		
Cash transferred to CMACE Limited	(2,053,993)	—

Consolidated cash flow statement Year to 31 December 2009

C Analysis of changes in net cash

	At 1 January 2009 £	Cash flows £	At 31 December 2009 £
Cash at bank and in hand	5,637,794	(1,309,015)	4,328,779

Accounting policies

The financial statements are prepared under the Charities Act 1993 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 and the accounts of the Confidential Enquiry into Maternal and Child Health (CEMACH) which was controlled by the Council of the College up to 30 June 2009. On 1 July 2009 the activities of CEMACH were transferred into the control of a charitable company, “Centre for Maternal and Child Enquiries” (CMACE), which was established specifically for that purpose. The financial statements of the College include the results of the National Collaborating Centre for Women’s and Children’s Health (NCC-WCH) for which the College is the host organisation.

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

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

Incoming resources (continued)

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.

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 period of the lease
◆ Plant	- 10 years
◆ Furniture and fittings	- 5 years
◆ Computer equipment	- 3 years

Tangible fixed assets and depreciation (continued)

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 recording the 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 2009

1 Incoming resources

	Unrestricted funds £	Restricted funds £	2009 Total funds £	2008 Total funds £
Generated funds				
RCOG Trading Limited (see note 3)	1,174,909	—	1,174,909	1,550,100
Investment income	50,750	163,492	214,242	381,679
Donations and legacies	80,917	20,127	101,044	26,025
Other income	126,145	—	126,145	139,529
	<u>1,432,721</u>	<u>183,619</u>	<u>1,616,340</u>	<u>2,097,333</u>
Charitable activities				
Conference and meetings	1,401,780	—	1,401,780	1,586,200
Examinations	2,294,479	—	2,294,479	1,784,052
International initiatives	21,303	137,566	158,869	217,329
Fellows and members	3,427,039	—	3,427,039	3,029,488
Standards and clinical governance	36,241	209,415	245,656	203,588
Education and training initiatives	330,782	16,274	347,056	436,602
The National Collaborating Centre for Women's and Children's Health (NCC – WCH)	—	1,803,207	1,803,207	2,067,095
Confidential Enquiry into Child and Maternal Health (CEMACH) (discontinued-see note 4)	—	997,273	997,273	2,009,543
British Journal of Obstetrics and Gynaecology (BJOG)	475,605	—	475,605	561,813
Accommodation and service charges	395,733	—	395,733	381,798
	<u>8,382,962</u>	<u>3,163,735</u>	<u>11,546,697</u>	<u>12,277,508</u>
Other incoming resources				
Gains on sales of fixed assets	—	—	—	2,794,827
	<u>9,815,683</u>	<u>3,347,354</u>	<u>13,163,037</u>	<u>17,169,668</u>

Notes to the financial statements 31 December 2009

2 Net incoming (outgoing) resources

This is stated after charging:

	2009 Total funds £	2008 Total funds £
Auditors' remuneration		
. Audit services	28,250	28,000
. Other services	9,000	5,000
Operating lease rentals and buildings		
. land	152,160	175,910
. other	15,671	26,533

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:

	2009 £	2008 £
Profit and loss account		
Turnover	1,178,861	1,550,100
Cost of sales	(587,940)	(742,489)
Gross profit	590,921	807,611
Administrative expenses	(163,073)	(193,542)
Operating profit	427,848	614,069
Profit on ordinary activities before taxation	427,848	614,069
Taxation	—	—
Profit on ordinary activities after taxation	427,848	614,069
Gift aid to Royal College of Obstetricians and Gynaecologists	(427,848)	(614,069)
Profit retained for the financial year	—	—
Balance sheet		
Debtors	185,617	156,303
Cash at bank	36,578	—
	222,195	156,303
Creditors: amounts falling due within one year	(222,193)	(156,301)
Net assets	2	2
Share capital	2	2
Profit and loss account	—	—
Capital and reserves as at 31 December 2009	2	2

4 Confidential Enquiry into Child and Maternal Health (CEMACH) income and expenditure

The College was the host organisation for CEMACH. The RCOG contracted with the National Patient Safety Authority for funding for CEMACH. The Centre is a collaboration with other organisations and has its own Executive Board to manage its operations. The RCOG had one representative on the Board and ultimately had a power of veto over those decisions which may have financial consequences for the College and therefore it had effective control. CEMACH is not a separate legal entity in its own right. CEMACH's activities were transferred to a new charity, CMACE, with effect from 1 July 2009.

The results for the period ended 30 June 2009 are summarised below.

	6 months to 30 June 2009 £	12 months to 31 December 2008 £
Income and expenditure account		
Incoming resources		
Grant funding	720,841	1,457,576
Interest receivable	8,276	70,119
Other income	268,156	481,848
	<u>997,273</u>	<u>2,009,543</u>
Resources expended		
Regional payments	(168,223)	(618,495)
Operating costs	(826,889)	(1,285,418)
	<u>(995,112)</u>	<u>(1,903,913)</u>
Surplus for the period/year	<u>2,161</u>	<u>105,630</u>
Balance sheet		
	30 June 2009 £	31 December 2008 £
Fixed assets		
	<u>37,637</u>	<u>43,923</u>
Current assets		
Debtors	196,661	85,120
Treasury deposits	1,500,000	1,000,000
Cash at bank	553,993	21,788
	<u>2,250,654</u>	<u>1,106,908</u>
Creditors: amounts falling due within one year	(1,828,556)	(693,258)
Net current assets	<u>422,098</u>	<u>413,650</u>
Net assets at 30 June 2009 transferred to CMACE Limited	<u>459,735</u>	<u>—</u>
Funds as at 31 December 2009	<u>—</u>	<u>457,373</u>

5 Resources expended

	Unrestricted funds £	Restricted funds £	2009 Total funds £	2008 Total funds £
Cost of generating funds				
Activities for generating funds				
RCOG Trading Company Limited	581,263	—	581,263	800,557
Accommodation and service charges	240,525	—	240,525	186,071
	<u>821,788</u>	<u>—</u>	<u>821,788</u>	<u>986,628</u>
Charitable activities				
Conference and meetings	1,951,517	—	1,951,517	1,686,031
Examinations	1,344,008	51,211	1,395,219	1,203,855
International Initiatives	106,028	137,565	243,593	80,101
Fellows and Members	3,454,125	—	3,454,125	3,106,986
Standards and Clinical Governance	663,635	79,287	742,922	850,294
Education and Training Initiatives	949,820	16,274	966,094	1,078,927
BJOG	50,527	—	50,527	51,088
NCC – WCH	—	1,717,365	1,717,365	2,017,451
CEMACH (discontinued - see note 4)	—	992,612	992,612	1,893,713
Special funds (note 15)	90,567	547,332	637,899	455,181
South wing project	18,687	—	18,687	234,318
	<u>8,628,914</u>	<u>3,541,646</u>	<u>12,170,560</u>	<u>12,657,945</u>
Governance	<u>67,874</u>	<u>—</u>	<u>67,874</u>	<u>70,016</u>
	<u>9,518,576</u>	<u>3,541,646</u>	<u>13,060,222</u>	<u>13,714,589</u>

6 Support costs

	Staff costs £	Other costs £	2009 Total £	2008 Total £
Officers, Council and Administration	509,356	520,074	1,029,430	965,492
Finance	303,225	210,036	513,261	341,047
Facilities and Premises	497,065	758,424	1,255,489	1,227,511
Other				
. Depreciation	—	489,532	489,532	494,346
. IT	246,298	182,161	428,459	318,677
. Personnel/pension	(14,950)	167,047	152,097	231,128
	<u>1,540,994</u>	<u>2,327,274</u>	<u>3,868,268</u>	<u>3,578,201</u>

Notes to the financial statements 31 December 2009

6 Support costs (continued)

Support costs have been allocated as follows:

	Officers, Council and Administ- ration £	Finance £	Facilities and Premises £	Other £	2009 Total £	2008 Total £
Charitable activities						
Conference and meetings	186,042	96,024	226,896	193,389	702,351	621,468
Examinations	170,538	106,180	207,988	177,274	661,980	518,200
International initiatives	—	10,209	—	—	10,209	15,341
Fellow and Members	379,835	213,771	463,245	394,836	1,451,687	1,328,273
Standards and Clinical Governance	125,578	15,803	153,154	130,538	425,073	432,050
Education and Training Initiatives	120,927	33,400	147,482	125,703	427,512	539,361
BJOG	15,503	—	18,908	16,116	50,527	50,739
Special funds (note 14)	—	28,273	—	—	28,273	12,960
Accommodation & Service charges	31,007	9,601	37,816	32,232	110,656	59,809
	1,029,430	513,261	1,255,489	1,070,088	3,868,268	3,578,201
2008	965,492	341,047	1,227,511	1,044,151	3,578,201	

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.

7 Staff costs

	2009 £	2008 £
Wages and salaries	4,522,052	4,362,684
Social security costs	410,428	411,040
Pension costs	415,029	455,592
	5,347,509	5,229,316

	2009 Number	2008 Number
The average number of employees was:	153	173

7 Staff costs (continued)

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:

	2009 Number	2008 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	—

8 Council members

The Council members received nil emoluments or other personal benefits during the year (2008: £nil).

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

	2009 Number	2009 £	2008 Number	2008 £
Travel and subsistence	31	34,523	36	41,792

9 Tangible fixed assets

Consolidated	Leasehold buildings £	Plant, furniture & equipment £	Donated assets £	Total £
Cost or valuation				
At 1 January 2009	12,749,096	5,316,240	300,000	18,365,336
Additions	54,915	124,710	—	179,625
VAT adjustment (see below)	(42,695)	—	—	(42,695)
Transferred to CMACE	—	(160,288)	—	(160,288)
At 31 December 2009	<u>12,761,316</u>	<u>5,280,662</u>	<u>300,000</u>	<u>18,341,978</u>
Depreciation				
At 1 January 2009	2,095,167	4,780,315	—	6,875,482
Charge for year	255,252	251,065	—	506,317
Transferred to CMACE	—	(122,651)	—	(122,651)
At 31 December 2009	<u>2,350,419</u>	<u>4,908,729</u>	<u>—</u>	<u>7,259,148</u>
Net book values				
At 31 December 2009	<u>10,410,897</u>	<u>371,933</u>	<u>300,000</u>	<u>11,082,830</u>
At 31 December 2008	<u>10,653,929</u>	<u>535,925</u>	<u>300,000</u>	<u>11,489,854</u>

Notes to the financial statements 31 December 2009

9 Tangible fixed assets (continued)

Charity	Leasehold buildings £	Plant, furniture & equipment £	Donated assets £	Total £
Cost or valuation				
At 1 January 2009	12,749,096	5,166,821	300,000	18,215,917
Additions	54,915	113,841	—	168,756
VAT adjustment (see below)	(42,695)	—	—	(42,695)
At 31 December 2009	<u>12,761,316</u>	<u>5,280,662</u>	<u>300,000</u>	<u>18,341,978</u>
Depreciation				
At 1 January 2009	2,095,167	4,674,823	—	6,769,990
Charge for year	255,252	233,906	—	489,158
At 31 December 2009	<u>2,350,419</u>	<u>4,908,729</u>	<u>—</u>	<u>7,259,148</u>
Net book values				
At 31 December 2009	<u>10,410,897</u>	<u>371,933</u>	<u>300,000</u>	<u>11,082,830</u>
At 31 December 2008	<u>10,653,927</u>	<u>492,000</u>	<u>300,000</u>	<u>11,445,927</u>

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.

Notes to the financial statements 31 December 2009

10 Fixed asset investments

Consolidated	2009 £	2008 £
Market value as at 1 January 2009	9,169,250	11,773,455
Additions	—	110,658
Net investment gains (losses)	1,142,061	(2,714,863)
Market value as at 31 December 2009	10,311,311	9,169,250
Cost of listed investments at 31 December 2009	7,199,908	7,199,908
All investments are in unitised funds managed in the UK:		
Market value of investments	10,310,213	9,167,485
Cash held by investment managers for reinvestment	1,098	1,765
	10,311,311	9,169,250

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

Significant investments were as follows:

	2009 £	2008 £
MFM Newton Phoenix 'B' Fund Inc	6,714,528	5,725,901
OXIP LP series VI 2006	3,595,685	3,441,584

Both investments are spread predominantly across equities, hedge funds, bonds and property.

11 Debtors

	Consolidated		Charity	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	754,684	413,146	614,197	283,149
Amounts due from subsidiary	—	—	—	30,547
Other debtors	185,768	221,848	185,768	212,280
Prepayments and accrued income	287,395	245,265	287,395	214,779
	1,227,847	880,259	1,087,360	740,755

12 Creditors: amounts falling due within one year

	Consolidated		Charity	
	2009 £	2008 £	2009 £	2008 £
Trade creditors	715,670	722,589	644,543	659,280
Amounts owed to subsidiary	—	—	45,130	—
Deferred income	1,973,225	1,597,364	1,830,165	1,103,073
Taxation and social security costs	218,278	254,678	215,772	259,417
Accruals	342,503	632,319	337,002	455,371
	3,249,676	3,206,950	3,072,612	2,477,141

13 Restricted funds

	At 1 January 2009 £	Incoming resources £	Resources expended £	Investment gains £	Transfers £	CEMACH disposal £	At 31 December 2009 £
Scholarship and lecture funds							
Bernhard Baron Scholarship fund	262,566	6,802	(9,105)	37,726	—	—	297,989
Sims Black Travelling Professors Fund	926,143	23,992	(20,747)	123,401	—	—	1,052,789
Thomas Watts Eden Fellowship	227,856	5,903	(9,638)	31,955	—	—	256,076
Lockyer Travelling Fellowship	727,876	18,856	(28,820)	113,328	2,263	—	833,503
Other	182,044	4,716	(7,472)	24,309	—	—	203,597
	<u>2,326,485</u>	<u>60,269</u>	<u>(75,782)</u>	<u>330,719</u>	<u>2,263</u>	<u>—</u>	<u>2,643,954</u>
Research funds							
Edgar Research – Jean Ethel Gentili Scholarship	1,862,560	48,251	(277,360)	294,026	—	—	1,927,477
Sir William Gilliatt Memorial Fund	360,585	9,341	(131,636)	73,414	—	—	311,704
F&W Blair-Bell Memorial Fund	747,163	19,356	—	127,534	3,040	—	897,093
Other	6,562	170	(1,027)	4,300	18,737	—	28,742
	<u>2,976,870</u>	<u>77,118</u>	<u>(410,023)</u>	<u>499,274</u>	<u>21,777</u>	<u>—</u>	<u>3,165,016</u>
Other special purpose funds							
President's Fund	365,458	9,467	(7,050)	64,221	—	—	432,096
Overseas fund	368,737	9,552	(5,596)	51,569	—	—	424,262
Millennium Endometriosis Fund	43,024	1,115	(8,153)	1,122	—	—	37,108
Marjorie Kuck	124,069	971	(1,241)	—	—	—	123,799
Other funds	463,145	25,127	(39,487)	41,055	(46,871)	—	442,969
	<u>1,364,433</u>	<u>46,232</u>	<u>(61,527)</u>	<u>157,967</u>	<u>(46,871)</u>	<u>—</u>	<u>1,460,234</u>
Government grants							
NCC – WCH	429,752	1,803,207	(1,717,365)	—	—	—	515,594
CEMACH	467,775	997,273	(992,612)	—	(12,701)	(459,735)	—
Postgraduate training activities	—	16,274	(16,274)	—	—	—	—
Overseas Doctors Training Fellowship	445,796	137,566	(137,566)	—	—	—	445,796
Other government grants	136,822	209,415	(130,497)	—	—	—	215,740
	<u>1,480,145</u>	<u>3,163,735</u>	<u>(2,994,314)</u>	<u>—</u>	<u>(12,701)</u>	<u>(459,735)</u>	<u>1,177,130</u>
Total restricted funds	<u>8,147,933</u>	<u>3,347,354</u>	<u>(3,541,646)</u>	<u>987,960</u>	<u>(35,532)</u>	<u>(459,735)</u>	<u>8,446,334</u>

Bernhard Baron Scholarship Fund

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

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.

Lockyer Travelling Fellowship

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

13 Restricted funds (continued)

Edgar Research - Jean Ethel Gentilli Scholarship

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

Sir William Gilliatt Memorial Fund

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

Florence and William Blair-Bell Memorial Fund

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

President's Fund

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

Overseas Fund

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

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.

Marjorie Kuck fund

Provided for research into the medical problems of obstetrics.

Government grants

Grants for specific purposes relating to College activities.

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

£17,000 is in respect of the Iraqi International project, now reflected within the International department. The balance refers to the annual amalgamation of funds supporting the Education Centre

14 Unrestricted funds

	General funds £	Designated funds £	Pension reserve £	Total £
At 1 January 2009	4,873,844	11,339,228	(769,000)	15,444,072
Incoming resources	9,815,683	—	—	9,815,683
Resources expended	(10,536,856)	(90,720)	1,109,000	(9,518,576)
Transfers to designated funds	168,509	(168,509)	—	—
Transfers from restricted funds	35,532	—	—	35,532
Net investment gains/actuarial (losses)	154,101	—	(2,232,000)	(2,077,899)
At 31 December 2009	4,510,813	11,079,999	(1,892,000)	13,698,812

15 Designated funds

	At 1 January 2009 £	New designations £	Utilised released £	At 31 December 2009 £
Heritage fund	300,000	—	—	300,000
Property fund	10,653,929	(243,032)	—	10,410,897
Education fund	200,000	28,523	—	228,523
Repairs fund	164,747	35,000	(68,802)	130,945
Recruitment fund	2,539	—	(2,539)	—
Scottish Office	13,013	—	(3,379)	9,634
Carpet provision	5,000	11,000	(16,000)	—
	11,339,228	(168,509)	(90,720)	11,079,999

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.

15 Designated funds (continued)

Recruitment Fund

To encourage and support the work of recruitment into the Speciality.

Scottish Office

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

Carpet provision

For the re-carpeting of the Education Centre.

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2009 £	Total 2008 £
Fund balances at 31 December 2009 are represented by:				
Tangible fixed assets	11,082,830	—	11,082,830	11,489,854
Investments	3,595,685	6,715,626	10,311,311	9,169,250
Net current assets	912,297	1,730,708	2,643,005	3,701,901
Total net assets excluding pension liability	15,590,812	8,446,334	24,037,146	24,361,005

17 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 £125,479 (2008 - £100,060).

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 88 past and around 40 present employees. The level of retirement benefit is principally based on the best salary earned in the last three years of employment.

17 Pension costs (continued)

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 2007 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. This actuarial valuation showed a deficit of £2,709,000.

For the purposes of FRS17, the actuarial valuation as at 1 April 2007, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2009. 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. As set out in the Annual Report of the Council, the College has made significant payments to the scheme, including £2 million from the proceeds of the sale of the President's House, in order to eliminate its deficit and had anticipated that the scheme would be broadly in balance at 31 December 2009. Due to the subjectivity of the estimates used for accounting purposes and their dependence upon external factors such as the long term financial returns on corporate bonds and assumptions regarding life expectancy, the scheme trustees and Council have resolved not to commit to any immediate action in response to this accounting deficit. A full actuarial valuation is being undertaken as at 31 March 2010 and the scheme trustees and Council will consider whether any change to the scheme's current funding strategy is required when that valuation is complete later in 2010.

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

	31 December 2009 £'000s	31 December 2008 £'000s	31 December 2007 £'000s	31 December 2006 £'000s	31 December 2005 £'000s
Fair value of scheme assets	11,534	9,212	8,493	7,914	6,912
Present value of scheme liabilities	13,426	9,981	10,535	9,789	9,334
Deficit in scheme	(1,892)	(769)	(2,042)	(1,875)	(2,422)

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.

17 Pension costs (continued)

The projected unit method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The accumulated benefit obligation is an alternative actuarial measure of the scheme liabilities, whose calculation differs from that under the projected unit method in that it includes no assumption for future earnings increases. In assessing this figure for the purpose of these disclosures, allowance has been made for future statutory revaluation of benefits up to retirement. At the balance sheet date the accumulated benefit obligation was £12,922,000.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than the College continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the Trustees of the pension scheme as at 1 April 2007 was £14,997,000 compared with assets at the same date of £8,061,000.

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

	Period ending 31 December 2009 £000s	Period ending 31 December 2008 £000s
Scheme liabilities at start of period	9,981	10,535
Current service cost	338	425
Interest cost	632	624
Contributions by scheme participants	70	66
Actuarial losses (gains)	2,725	(1,256)
Benefits paid and expenses	(320)	(413)
Scheme liabilities at end of period	13,426	9,981

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

	Period ending 31 December 2009 £000s	Period ending 31 December 2008 £000s
Fair value of scheme assets at start of period	9,212	8,493
Expected return on scheme assets	594	642
Actuarial gains (losses)	493	(1,285)
Contributions by employer	1,485	1,709
Contributions by scheme participants	70	66
Benefits paid and expenses	(320)	(413)
Fair value of scheme assets at end of period	11,534	9,212

The actual return on the scheme assets over the period ending 31 December 2009 was £1,087,000.

Contributions

Notes to the financial statements 31 December 2009

17 Pension costs (continued)

The total contributions made by the employer over the period of £1,485,000 includes 41% employer's contributions towards the final salary scheme. The level of contribution will be reviewed as a result of the triennial valuation of the scheme as at 1 April 2010.

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2009 is £500,000.

Total expense recognised in consolidated statement of financial activities

	Period ending 31 December 2009 £000s	Period ending 31 December 2008 £000s
Current service cost	338	425
Interest cost	632	624
Expected return on scheme assets	(594)	(642)
Total expense recognised in consolidated statement of financial activities	376	407

Statement of total recognised gains and losses

	Period ending 31 December 2009 £000s	Period ending 31 December 2008 £000s
Difference between expected and actual return on scheme assets . Amount: gain (loss)	493	(1,285)
Experience gains and losses arising on the scheme liabilities . Amount: (loss) gain	(155)	131
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities . Amount: (loss) gain	(2,570)	1,125
Total amount recognised in consolidated statement of financial activities . Amount loss	(2,232)	(29)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a loss of £2,778,000.

Notes to the financial statements 31 December 2009

17 Pension costs (continued)

Assets	31 December 2009 £'000s	31 December 2008 £'000s	31 December 2007 £'000s
Equities	4,340	3,621	4,714
Bonds	3,906	5,361	3,734
Gilts	3,196	—	—
Cash	92	230	45
Total assets	11,534	9,212	8,493

In the Total Assets at 31 December 2007 and 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 2009 % per annum	31 December 2008 % per annum	31 December 2007 % per annum	31 December 2006 % per annum
Inflation	3.7	3.1	3.2	2.9
Salary increases	4.7	4.1	4.7	4.4
Rate of discount	5.7	6.3	5.9	5.2
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.7	3.1	3.2	2.9
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.7	3.1	3.2	2.9
Allowance for commutation of pension for cash at retirement	—	—	—	—

The mortality assumptions adopted at 31 December 2009 are 100% of the standard tables PXA92 with year of Birth improvements in accordance with the Medium Cohort improvement tables for males and female. These imply the following life expectancies:

Male retiring at age 60 in 2009	26.8 years
Female retiring at age 60 in 2009	29.8 years
Male retiring at age 60 in 2029	28.0 years
Female retiring at age 60 in 2029	30.8 years

Expected long term rates of return

The expected long term rate return on cash is determined by reference to UK long dated government bond yield at the balance sheet date. The expected long-term return on corporate bonds is determined by reference to corporate bond yields at the balance sheet date.

Notes to the financial statements 31 December 2009

17 Pension costs (continued)

Expected long term rates of return (continued)

The expected long-term return on gilts is determined by reference to UK long dated government bond yields at the balance sheet date. The expected rate of return on equities is based on the rate of return on gilts with an allowance for out-performance.

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

	Period ended 31 December 2009 % per annum	Period ended 31 December 2008 % per annum	Period ended 31 December 2007 % per annum	Period ended 31 December 2006 % per annum
Equities	8.0	7.3	7.7	6.5
Corporate Bonds	5.7	5.0	5.9	5.2
Gilts	4.4	—	—	—
Debtor	—	—	3.3	5.0
Cash	4.2	3.5	4.3	5.0
Overall for scheme	6.2	5.9	6.9	6.0

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/decrease by 0.5% p.a.	Decrease/increase by 10%
Rate of inflation	Increase/decrease by 0.5% p.a.	Increase/decrease by 8%
Rate of salary growth	Increase/decrease by 0.5% p.a.	Increase/decrease by 2%
Rate of mortality	1 year increase in life expectancy	Increase by 2%

Duration of liabilities

It is estimated that the average duration of the scheme liabilities is 20 years.

Amounts for the current and previous four periods

	31 December 2009 £'000s	31 December 2008 £'000s	31 December 2007 £'000s	31 December 2006 £'000s	31 December 2005 £'000s
Fair value of assets	11,534	9,212	8,493	7,914	6,912
Present value of scheme liabilities	13,426	9,981	10,535	9,789	9,334
Deficit in scheme	(1,892)	(769)	(2,042)	(1,875)	(2,422)
Experience adjustment on scheme assets	493	(1,285)	(329)	180	755
Experience adjustment on scheme liabilities	(155)	131	(223)	137	388
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(2,570)	1,125	186	36	(1,647)
Total	(2,232)	(29)	(366)	353	(504)

Notes to the financial statements 31 December 2009

18 Financial commitments

At 31 December 2009 the College had annual commitments under non-cancellable leases which expire as follows:

	Land and buildings		Other	
	2009 £	2008 £	2009 £	2008 £
Operating leases which expire:				
Between two to five years	120,910	55,000	20,397	20,137
Over five years	—	120,910	—	—