



Royal College  
of Physicians



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# Shaping the future

Annual report 2017

# About the RCP

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**The Royal College of Physicians (RCP) is a professional membership body for physicians, with over 34,000 members and fellows around the globe working in hospitals and communities across 30 medical specialties. Physicians diagnose and treat illness, and promote good health. They care for millions of medical patients with a broad range of conditions, from asthma and diabetes to stroke and yellow fever.**

Our vision is the best possible health and healthcare for everyone. Everything that we do at the RCP aims to improve patient care and reduce illness. Our work is patient centred and clinically led. We drive improvement in the diagnosis of disease, the care of individual patients and the health of the whole population, both in the UK and across the globe. We also work to ensure that physicians are educated and trained to provide high-quality care.

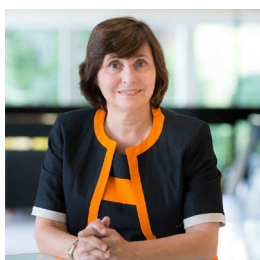
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# Foreword

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**Jane Dacre,**  
President

**The pressures on the NHS were very visible in the media throughout 2017. Doctors and healthcare professionals continue to do a fantastic job in challenging environments to minimise the impact on patients. However, the pressures are leading to staff becoming increasingly demoralised and the very future sustainability of the NHS is under threat. So much so that we were moved to write to the prime minister and the chancellor of the exchequer to urge them to invest in health and social care to ensure that we can provide the right care, in safely and properly staffed services with capacity to meet patient needs.**

Brexit also continued to dominate the headlines in 2017. Currently, a quarter of our NHS doctors are from overseas, and over the years the NHS has greatly benefited from their talents, abilities and will to work with us in the UK. We would like to thank those who have chosen to dedicate their working lives to the NHS and let them know that they are valued, and more importantly, much needed.

Despite these challenges, our annual report this year has many positive achievements to report on, and as we enter our 500th year, our responsibility for supporting physicians increases. Our membership continues to grow with almost 34,500 physicians in the UK and 84 countries around the world. Our global activities went from strength to strength with 2017 the busiest year yet for our International Office. And, with the Federation of Royal Colleges of Physicians, we made huge strides in developing the medicine curriculum and training pathways, helping to shape the next generation of doctors.

The first phase of our new centre for clinical excellence opened for business in October. RCP North, currently housed in the University of Liverpool's William Henry Duncan Building, is now hosting PACES exams, education workshops, our quality improvement programme and the RCP regional office for Mersey and the North West. We plan to develop the facilities and activities offered at RCP North throughout 2018 and beyond as work begins on building a completely new northern headquarters for our fellows and members. Situated in the new Liverpool Knowledge Quarter, the phase 2 building is expected to open in 2020. The City Council is also attracting other bodies connected to science and education, so our new neighbours will be like-minded organisations, allowing for the cross-fertilisation of ideas. It is very exciting.

On a more personal note, 2017 marks the last full year of my presidency of the RCP. I will hand over the reins to the new president on 26 September 2018, just after our 500th anniversary. Leading up to that date, I am looking forward to a packed programme of activity to celebrate RCP500, including a visit from Her Majesty the Queen, our flagship annual conference at ExCeL London, and further developments at RCP North. 2018 promises to be a year of reflection, of celebration, and of looking ahead to the future.

# Report of trustees

The trustees of the Royal College of Physicians (RCP) are pleased to present their report for the year ended 31 December 2017.

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## Public benefit

Founded in 1518 by royal charter from King Henry VIII, the Royal College of Physicians of London is the oldest medical college in England. Uniquely for the time, through the charter the king established the RCP in perpetuity as a professional body in the name of the public benefit. He empowered it to set standards by regulating medical practice to protect the public.

The RCP provides public benefit in a variety of ways. Our activities fall within several of the legal requirements of 'charitable purpose', including: the advancement of health or the saving of lives; the advancement of education; and the advancement of the arts, culture, heritage or science.

We support our members and fellows during every stage of their career and, as a result, improve the quality of patient care. By setting and monitoring the standards of medical training, we ensure that patients are treated by fully trained, competent doctors. Our senior physicians sit on appointments committees to ensure that new consultants are of a high calibre.

Our evidence-based guidelines and audits support healthcare professionals in improving clinical care. Our education programmes provide physicians with the knowledge and skills that they need for high performance. We also take a wide role in the public health arena through campaigning for change, advising government, and taking part in national debates on medical, clinical and public health issues.

We safeguard and share our unique history to inspire and inform present and future physicians, and preserve medical history for the benefit of the public.

## Our activities and achievements in 2017

Our 5-year strategy covers the period 2015–2020 and is set out under five key areas:

- > Improving care for patients
- > Developing physicians throughout their careers
- > Leading and supporting our members
- > Shaping the future of health and healthcare
- > Investing in our future, building on our heritage.

This annual report is based on these areas and presents our activities, significant achievements and successes in 2017 against our plans, as well as outlining our strategy for the future.

## The Federation of the Royal Colleges of Physicians

The Federation of the Royal Colleges of Physicians is a collaboration between the Royal College of Physicians of Edinburgh, the Royal College of Physicians and Surgeons of Glasgow, and the Royal College of Physicians of London. Collectively, the colleges represent more than 50,000 physicians worldwide.

The Federation develops and delivers services to support doctors at every stage of their careers, including:

- > continuing professional development (CPD)
- > examinations (Membership of the Royal Colleges of Physicians of the UK – MRCP(UK))
- > training (Joint Royal Colleges of Physicians Training Board – JRCPTB).

Highlights of Federation activities are also included in this annual report.

# Improving care for patients

We want patients to receive the best possible care. We work directly with physicians, clinical teams, hospitals and policymakers to design person-centred services, and involve patients and carers to help shape best practice.

## In 2017, we planned to:

- > support physicians and multidisciplinary teams to lead quality and service improvement
- > set, measure and promote standards that improve care for patients
- > implement our vision of the future hospital and promote good practice in health service design
- > develop health services that promote patient safety, patient experience, staff wellbeing and service improvement.

Here are some highlights of what we achieved in 2017 against these goals.

## Supporting service improvement

The RCP is at the forefront of quality improvement (QI) in the NHS. Initiatives to support service improvement in 2017 included:

- > launching a QI Faculty of 50 experts to promote, develop and support the delivery of quality improvement NHS-wide
- > piloting an inflammatory bowel disease (IBD) QI collaborative with IBD teams across the UK – 100% of attendees said that they would be confident in leading quality improvement in the future
- > being a key partner in establishing the Faculty of Clinical Informatics as the professional membership body for clinical informaticians across the UK
- > supporting flexible portfolio training for acute medical specialist trainees in quality improvement and clinical informatics.

## Setting standards

The National Guideline Centre (NGC) supports evidence-based guideline development for NICE (National Institute for Health and Care Excellence) to improve patient care. In 2017, we published new clinical guidelines on glaucoma and asthma. The NGC also delivered training courses on critical appraisal, and carried out systematic reviews and health economic analysis.

We published four new clinical records standards and led an expert review of the NHS Digital response to a clinical decision software error.

Following the success of the National Early Warning Score (NEWS) – adopted by the majority of NHS hospitals to identify patients at risk of death – we published NEWS2, an updated version. The standardised clinical chart was downloaded over 10,000 times in the first 2 months following publication.

Through the Federation of Royal Colleges of Physicians, new general internal medicine and acute internal medicine registrar quality criteria were developed in 2017. Designed to enhance the educational experience of trainees, provide a more supportive working environment and ultimately improve patient safety and experience, the new criteria will apply from August 2018 and be monitored via the General Medical Council's (GMC) annual national training surveys.

## Our vision of the future hospital and health service design

The RCP's 3-year Future Hospital Programme (FHP) drew to a close in 2017. In November, we published the final evaluation report, an account of the successes, challenges and learning. *Delivering the future hospital* found that the FHP demonstrated direct and measureable improvements to patient care. Its patient-centred approach to improving services helped to deliver better care for patients by more motivated, engaged staff.

The FHP's legacy is a new QI Programme, which will build on the considerable learning of the FHP and provide support to clinicians and their teams. Important components will be upskilling clinicians in measurement for improvement, facilitating collaborative learning, and supporting patients and carers to be effective members of improvement teams.

In health service design, we signed an agreement with Abertawe Bro Morgannwg University Health Board to improve patient services in Wales. This digital transformation project aims to improve the quality, speed and usefulness of information sent to GPs when patients are discharged from hospital.

## Developing health services

Junior doctors are responsible for two-thirds of all hospital prescriptions. We published a new guide, *Supporting junior doctors in safe prescribing*. Built on published evidence and best practice, it was downloaded almost 2,000 times in 2017.

As part of our National Mortality Case Record Review Programme, we delivered 19 training sessions on Structured Judgement Review to 270 delegates around the UK. NHS trusts are starting to set up improvement projects as a result. We published journal articles providing advice on e-consultations, and the clinical safety of apps and telehealth.

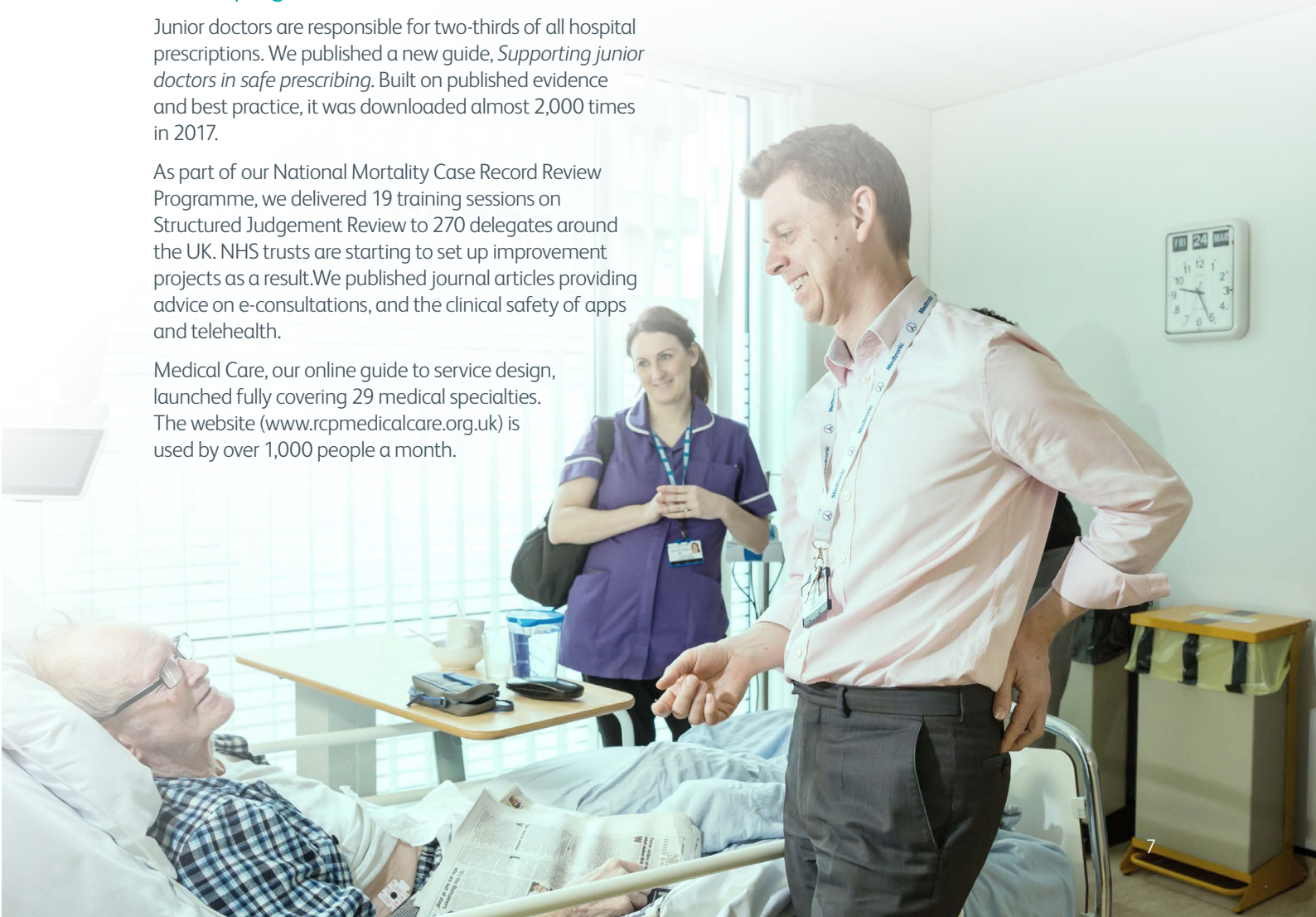
Medical Care, our online guide to service design, launched fully covering 29 medical specialties. The website ([www.rcpmedicalcare.org.uk](http://www.rcpmedicalcare.org.uk)) is used by over 1,000 people a month.

## Saving lives with NEWS

In December, we updated the National Early Warning Score (NEWS), first produced in 2012. NEWS2 received formal endorsement from NHS England and NHS Improvement to become the early warning system for identifying acutely ill patients, including those with sepsis, in hospitals in England.

The score, often placed on the chart at the end of the patient's bed, is used by doctors and nurses to record vital signs and give each a score. The total score lets them know if a patient is becoming very ill, prompting urgent review and call for specialist help if necessary. The majority of NHS hospitals are now using the NEWS, and over 150,000 NHS staff have voluntarily completed the online training and accreditation programme.

The NEWS has also become a global success story, with requests to use it coming from health services across the world. It has proved to be a highly effective system for detecting risk of deterioration or death, prompting a more timely clinical response, with the aim of improving patient outcomes.



# Developing physicians throughout their careers

Our education and training programmes support physicians to fulfil their potential. We develop doctors to deliver the best possible patient care and become excellent clinicians.

## In 2017, we planned to:

- > shape the future of the medical workforce in the UK
- > promote high-quality medical education and clinical leadership across the world
- > promote lifelong learning for physicians, and accessible opportunities for development
- > support physicians throughout their careers
- > promote medicine as a career.

Here are our key activities and achievements in 2017.

## Shaping the medical workforce

Our pilot chief registrar project proved to be very successful, and is developing into an important leadership programme for senior trainees. In 2017 we recruited a strong second cohort of 36 chief registrars.

We published the results of the 2016 consultant and higher specialty trainee census, covering 20,000 physicians. We also published articles exploring trends in the areas of rota gaps, wellbeing and 7-day working.

Working in collaboration through the Federation, we:

- > completed the process of updating the new internal medicine stage 1 curriculum, and were delighted that it was approved by the General Medical Council in 2017. Focusing on learning outcomes through capabilities in practice (CiPs), the new curriculum will produce doctors with the skills needed to manage patients with a wide range of medical symptoms and conditions.
- > responded to the work of the UK Shape of Training Steering Group and efforts to enhance junior doctors' working lives. We undertook work to develop potential models for flexible training pathways and post-CCT (completion of certificate of training) credentials.
- > published the first report on the state of physicianly training in the UK. Building on previous published quality reports, it reviews the quality of training for physicians, to provide an evidence-based benchmark for future comparisons.

## High-quality education across the world

RCP educationalists, in partnership with our trained faculty of clinicians, provided face-to-face training to 3,892 doctors at over 180 events in the UK and seven other countries.

MRCP(UK) develops and delivers postgraduate medical examinations around the world on behalf of the three royal colleges of physicians of the UK. MRCP(UK) initiatives in 2017 included:

- > a short life working group project to review the current PACES (Practical Assessment of Clinical Examination Skills) exam to ensure that it remains fit for purpose
- > changing the format of the MRCP(UK) Part 2 written exam to a single day, reducing the cost and time of releasing candidates
- > launching the new European Specialty Examination in Gastroenterology and Hepatology (ESEGH), giving trainees the opportunity to take one high-quality exam
- > launching new international PACES exam centres in India, Penang, Qatar and Sri Lanka.

## Promoting lifelong learning

In 2017, we delivered educational workshops at 13 locations in England. To increase accessibility, we livestreamed over 40 teach-ins, lectures, regional updates and conference sessions. Twenty-four hospitals regularly watch our teach-ins in facilitated groups, and our online materials were accessed from over 120 countries.

A total of 217 applicants were approved to undertake placements in NHS trusts under our Medical Training Initiative. The first group were awarded the Diploma in UK Medical Practice (DipUKMP) and partnerships were established with five new countries: Indonesia, Philippines, Jamaica, Saudi Arabia and Zambia.

We ran 20 continuing professional development (CPD) conferences for members and fellows in their local regions, as well as Medicine 2017, our third annual conference. Our first global health conference attracted more than 120 participants.



## Supporting physicians throughout their careers

The CPD diary, shared by the three physician colleges, hosts over 5,000 approved CPD activities. The online diary is used by around 17,000 doctors in the UK and internationally. During 2017, we invested in the development of a complementary smartphone app for physicians to record and reflect on their CPD activities. The app will launch in 2018.

Our collaborative master's degrees – Medical Education with University College London, and Medical Leadership with London's Birkbeck University – continued to thrive.

We delivered the national recruitment process for entry to specialty training at CT1 level for core medical training and acute care common stem: acute medicine (ACCS-AM), and ST3 level for 24 specialties.

We published the eighth annual survey reporting the experiences of certificate of completion of training (CCT) holders within 1 year of gaining their CCT in the medical specialties in the UK. This unique survey monitors changing outcomes for CCT holders since 2009.

In November, we launched *Improving teams in healthcare*, a collection of four resources responding to concerns about trainees' low morale, and aiming to promote high-functioning teams in clinical settings.

## Promoting medicine as a career

The 'Women in medicine' exhibition, coordinated by the RCP, celebrated the achievements of contemporary and historical women in medicine. Photographic portraits honoured some of the leading women in medicine today, and the major figures from the past who inspired them.

To promote the medical specialties and provide advice to trainees, we completed our series of 32 'Specialty Spotlight' videos.

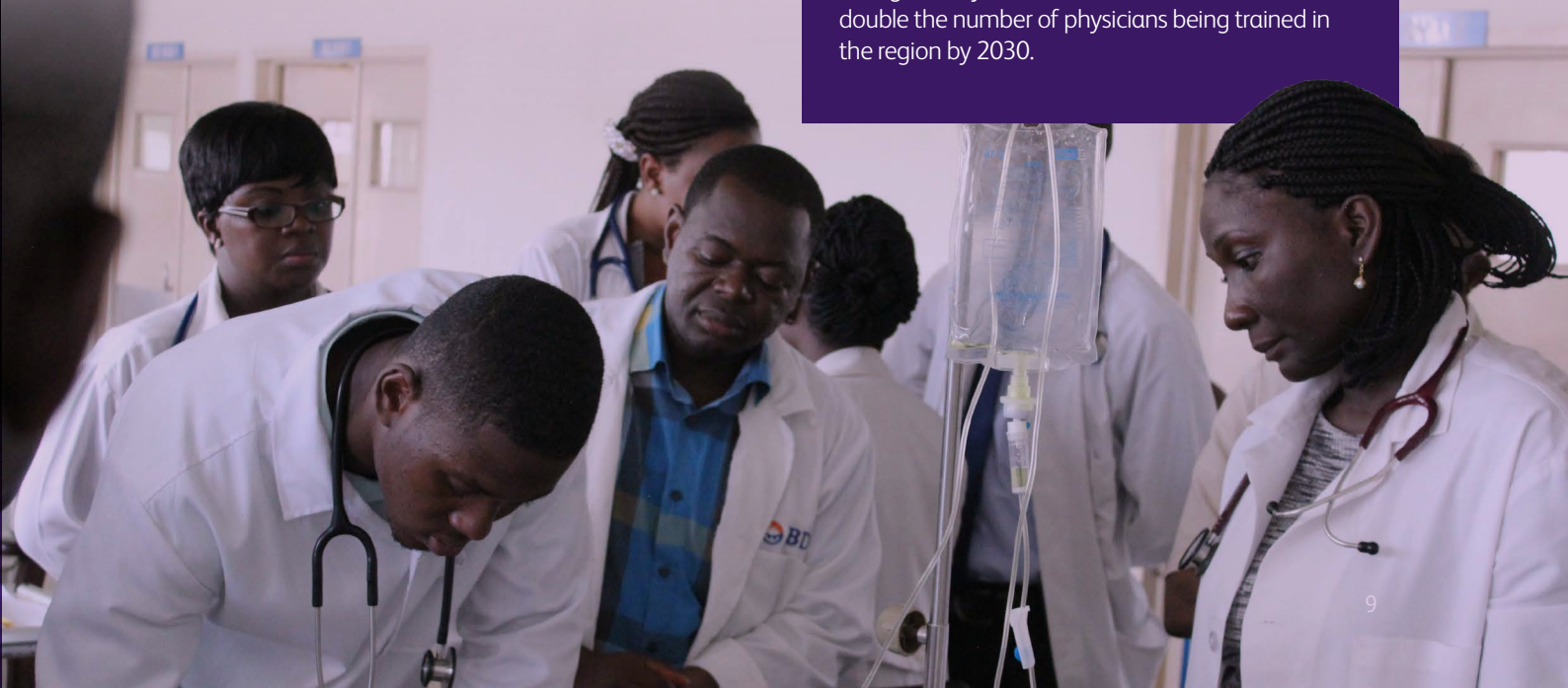
We promoted the RCP and medicine as a career choice at 11 medicine career events throughout 2017.

## A busy year for our International Office

2017 was the RCP's busiest year yet internationally, with the conclusion of our 3-year M-PACT infectious diseases programme, a collaboration with the West African College of Physicians. Over the course of the programme, we delivered 18 training courses in Nigeria, Ghana, Senegal and, for the first time in 2017, Sierra Leone. In total, 582 doctors from 12 West African countries were trained in the diagnosis, treatment and management of HIV, TB and malaria.

In Myanmar and India, we held doctor-patient communication skills courses focusing on patient-centred care, active listening, and breaking bad news.

We ran nine clinical training courses for 145 physicians in Kenya, Tanzania and Uganda as part of our Medical Training and Fellowship (METAF) Programme, helping to build capacity in oncology and neurology. We also supported the newly established East, Central and Southern Africa College of Physicians (ECSACoP) in its mission to double the number of physicians being trained in the region by 2030.



# Leading and supporting our members

We lead the profession by supporting and inspiring our members to meet the challenges of practising medicine today. Our members are our greatest asset – we listen to, support and learn from them.

## In 2017, we planned to:

- > lead the medical profession and champion medical professionalism
- > increase our reach and relevance to all our members
- > support our members in their daily practice
- > deliver an exceptional membership experience for all
- > increase our understanding of the context in which our members work in the UK and around the world.

Here are the highlights of how we led and supported our members in 2017.

## Leading the profession

Working in collaboration through the Federation of Royal Colleges of Physicians we developed a new e-learning module for PACES examiners called 'Fair assessment: Are my judgements unbiased?' It addresses unconscious bias and principles of fairness, giving assessors the confidence to trust their decisions.

Our fellows represented the RCP on interview panels resulting in the appointment of 600 NHS consultant physicians nationally. We reviewed and quality-assured almost 1,000 job descriptions via a network of regional specialty advisers and regional advisers.

The Faculty of Physician Associates delivered three diets of the national examination for 219 qualifying and re-certifying physician associates (PAs), and carried out a census of PAs.

We held the second Excellence in Patient Care awards to celebrate the work that physicians do to improve patient-centred care.

## Increasing our reach and relevance

Our membership is growing. In 2017 we increased the number of members and fellows to 34,492 (17,749 fellows, 16,743 other membership grades) – over 1,000 more than last year. The Faculty of Physician Associates continued to go from strength to strength and more than doubled its membership in 2017 to almost 444, with 846 student members.

Our regional offices perform a crucial role connecting our members locally to the work of the RCP. We expanded our regional team this year so that all 19 regions are now supported by a regional office and dedicated staff. Over 8,000 people attended our regional events in 2017 (a 15% increase). We also continued our support for college and associate college tutor roles, including hosting our largest conference yet to provide training, sharing of best practice and networking opportunities.

The Invited Service Review (ISR) team work with specialist societies to help trusts improve patient care. The team completed seven reviews in 2017 and, to improve joint working, we signed memorandums of agreement with the British Cardiovascular Society and Renal Association. This initiative will now be rolled out to other specialties.

## Supporting our members

Through the Federation of Royal Colleges of Physicians, our network of consultant physicians approved 5,000 activities for the CPD diary. This extensive resource contributes to the CPD diary being a much-valued membership subscription benefit.

The RCP supported the 2017 round of Clinical Excellence Awards, recognising NHS consultants and academic GPs who perform 'over and above' the standard expected of their role.

To improve library benefits to our members, we:

- > increased the number of ejournals available
- > launched a new search tool to improve searches across ejournals and ebooks in our collection
- > introduced a new online system to allow RCP members to choose ebooks for purchase
- > expanded availability by digitising parts of our collection and including printed journals on international catalogues.

The number of user sessions on the RCP website increased to 1.5 million in 2017, while average time spent on the site was nearly 5% longer than in the previous year. Visitors to our website downloaded nearly 500,000 PDFs of our reports, audits and policy documents over the course of the year, an increase of over 20%.

## Delivering an exceptional membership experience

We supported the Student and Foundation Doctor Network to develop new resources for those starting their career in medicine and provided an opportunity to help shape our policy, services and activities.

Members and fellows continued to receive much-valued subscriptions to our journals and membership magazine in 2017. Average monthly downloads of articles in *Clinical Medicine* were 35% up on the previous year, and the journal's editorial board doubled in size to ensure sustainability of the peer-review process. *Future Healthcare Journal* (formerly *Future Hospital Journal*) changed its name to more accurately reflect its broad focus, and successfully met the scientific and technical criteria for inclusion on PubMed Central. High-quality issues of *Commentary*, our membership magazine, continued to cover a wide variety of topical content.

## Increasing our understanding

We carried out consultations with the World Health Organization on the Health Workforce 2030 agenda to continue the RCP's goal of ensuring highest possible standards in medical education and training.

We conducted detailed consultations on healthcare and member contexts in Jordan, Pakistan, Myanmar, West Africa (through the West African College of Physicians) and East Africa (through the East, Central and Southern Africa College of Physicians).

## Recognising excellent patient care

The RCP's Excellence in Patient Care Awards aim to recognise, celebrate and promote the work that physicians do to improve patient care through education, policy, clinical practice and research.

We held the second Excellence in Patient Care Awards in 2017 and received 200 entries. We were delighted by the exceptional standard of the projects nominated. They highlighted the awe-inspiring work that goes on in the NHS and overseas, which can often go unnoticed.

Eight award winners each received an award plaque and £1,000 in prize money. We hope that those thinking of applying for the awards in 2018 will be inspired by the successes of past winners in driving forward improvements in patient care.



# Shaping the future of health and healthcare

The insight of physicians and their patients helps to shape our vision for the future of health and healthcare. We listen to physicians, patients and the public and champion their aspirations.

## In 2017, we planned to:

- > use the expertise of physicians and the experience of patients to influence the future of healthcare, from parliaments to wards
- > ensure that patients' and carers' experiences shape everything that we do
- > improve the public's health by championing evidence-based action to prevent ill health, nationally and internationally
- > foster innovation in health and promote research.

Here are our key areas of activity in 2017.

## Using expertise and experience to influence healthcare

We increased our reach to the general public, patients, advocacy groups, policymakers and politicians with media coverage, publications, seminars and workshops, and social media. Our work received over 1,700 pieces of press coverage and our influence via social media grew substantially – the number of people following us on Twitter @RCPLondon increased by 10,000 to over 36,500.

We ran an effective programme of engagement with stakeholders, including:

- > meetings and engagement with key stakeholders, including the secretary of state for health and social care, ministerial team, the chief medical and scientific officers, and the heads of NHS England, NHS Improvement, Health Education England, GMC and Care Quality Commission (CQC)
- > increasing engagement with regional politicians, including the mayors of Liverpool and London
- > hosting high profile events at the Labour and Conservative Party conferences, and a policy breakfast for members of the House of Lords

- > our response to 17 public policy consultations – highlights included the GMC's consultation on introducing a Medical Licensing Assessment, the government's draft air quality plan for England, and the Department of Health and Social Care's consultation on the expansion of medical school places
- > hosting 20 one-to-one meetings with MPs and peers, resulting in 33 mentions of the RCP in parliamentary debates
- > producing a four-point plan for the next government on keeping patients at the heart of the NHS, including recommendations on Brexit, workforce, healthcare finances and public health. A number of our recommendations were adopted in the Labour, Conservative and Liberal Democrat general election manifestos
- > leading the debate on resources and funding for the NHS, and writing two high profile public letters to the prime minister and chancellor of the exchequer.

We also led a successful campaign with the Faculty of Physician Associates calling on the government to introduce statutory regulation for physician associates. It has now committed to this.

## Ensuring that patients shape everything that we do

Our Patient and Carer Network (PCN) is made up of patients and carers from across the UK, supporting the RCP's aim to place patients at the heart of our work. In 2017, the PCN actively contributed to a number of initiatives including:

- > the Future Hospital Programme
- > a review of the internal medicine curriculum
- > the Falls and Fragility Fracture Audit Programme.

PCN members also contributed to the work of committees across the RCP and led sessions at the Faculty of Physician Associates conference and Medicine 2017, the RCP's annual conference.

## Improving public health

We worked to influence national policy on alcohol and obesity through our support of the Alcohol Health Alliance and the Obesity Health Alliance. Achievements in 2017 included:

- > successfully pushing the Soft Drinks Industry Levy through parliament to increase tax on the most unhealthy drinks in the Finance Act 2017
- > achieving a new higher duty band for the cheap high strength ciders in the 2017 Budget
- > supporting parliamentary receptions and roundtables, publishing evidence reports and securing media coverage.

In Europe, we continued to engage with public health and healthcare discussions in EU and other European agencies:

- > the RCP president led calls for European action on antibiotic resistance, particularly in farming
- > we took part in high-level meetings, including the European Health Forum in Austria and World Health Summit in Berlin
- > we launched new discussions with the Organisation for Economic Co-operation and Development (OECD) in Paris on issues including workforce and alcohol policies.

On sustainability, we launched *Breaking the fever*, a report on the impact of climate change on healthcare in the UK and how the NHS contributes to it. We received excellent press coverage for the Lancet Countdown 2017 policy briefing, co-authored by the RCP and focusing on the relationship between health and climate and the implications for national governments. We also hosted the first roundtable for NHS bodies to support and encourage local services to act more sustainably, in particular reducing their environmental impact.

## Fostering innovation

To support physicians to implement positive change, in 2017 we published the updated National Early Warning Score (NEWS2) report; clinical audit reports on lung cancer, COPD, hip fracture, and inpatient falls; and Medical Care, an online guide to efficient and effective service design.

In partnership with the NHS Research and Development Forum, we developed a guide with over 50 case studies to highlight good practice in research management.

We worked closely with the National Institute for Health Research (NIHR) to support career flexibility for researchers and the development of research in the NHS. We launched an updated edition of the Research Engagement Toolkit to tackle the perceived barriers to research from the perspective of doctors.

## Our plea to invest in the NHS

In January, following feedback from our members and fellows, we were moved to write to the prime minister to set out the increasingly difficult situation that patients and NHS staff were facing. Our letter reflected on the exceptional work that is undertaken by NHS staff but also the stark challenges.

It outlined the investment required by the government to ensure that we have a sustainable NHS that can continue to provide high-quality care and, ultimately, to thrive.

Signed by the RCP president and 49 members of Council, the letter aimed to progress the debate on how best to transform our healthcare services now and in the future. It urged the prime minister to recognise that hospitals are 'paralysed' by soaring demand and warned of staff exodus.

We received a response from the Department of Health as well as a wealth of media coverage helping to raise awareness of the issue and inform the public policy debate.



# Investing in our future, building on our heritage

The RCP is at the forefront of clinical innovation, yet we also share and learn from our medical heritage, which dates back 500 years to 1518. We want to invest in our future while promoting and preserving our history.

## In 2017, we planned to:

- > deliver a financially sustainable future by making the most of our expertise and managing our finances well
- > run an excellent organisation that enables us to deliver our vision of better health and healthcare for everyone
- > be a responsible organisation that lives by the values which we champion in the health service
- > make our current knowledge and our long history work for the benefit of present and future generations.

Here are our significant achievements in 2017.

## A financially sustainable future

Our income grew in 2017, as did our expenditure, leading to an overall financial result below that of the previous year. This was due to accelerated expenditure to deliver some elements of our strategy ahead of schedule.

To help deliver long-term cost efficiencies, we:

- > launched a new purchase order procurement (POP) system to improve efficiency and control
- > increased the capacity of the RCP London St Andrews Place office through modest investment – this enabled us to terminate the lease on our annexe at 180 Great Portland Street and move 60 National Guideline Centre staff to our main campus
- > closed the defined contribution trust-based pension scheme to new entrants, and created a new Group Personal Pension Plan (GPPP) auto-enrolment scheme for new staff. This will be more financially sustainable over time for the RCP.

## An excellent organisation

We carried out a number of improvements to technology during 2017, including:

- > addressing skills gaps in our IT department
- > strengthening our information governance and cybersecurity to ensure that we are on track to achieve European GDPR compliance by May 2018

- > developing a 3-year IT strategic roadmap to invest in network and device upgrades, core applications developments, and a Unified Communications solution enabling the move to more agile/smart working
- > upgrading our Cascade HR system to a cloud-based solution.

To improve our auditing, we expanded the new Audit and Risk Committee, procured an outsourced internal audit capability through haysmacintyre, and successfully conducted three internal audits.

Our audiovisual team won the prestigious 'AV service team of the year' award at the 2017 AV Awards, and improved and upgraded the exclusive video on demand service to members and fellows. Our popular 2016 exhibition on John Dee received a special commendation at the Museums and Heritage Awards.

We launched the 'Governance Hub' as the definitive source for all matters relating to the RCP constitution.

For RCP staff, we delivered improvements to our internal communications – a staff core briefing process was rolled out, staff engagement activities held, intranet interactivity developed, and our staff newsletter successfully relaunched.

## A responsible organisation

During 2017 we moved to using 100% renewable electricity, and started to measure our full carbon footprint.

We ensured that our membership records continue to be held to the highest governance standards by implementing a compliance programme to meet the new GDPR legislation.

Physicians for Africa became our first designated staff charity. This joint venture between the RCP and the East, Central and Southern Africa College of Physicians (ECSACoP) works in partnership to improve access to well-trained doctors in the region. RCP staff raised funds through a raffle, themed Christmas lunch and other activities.

## Benefit present and future generations

RCP North, our new centre for clinical excellence in Liverpool, progressed apace in 2017. We opened a short-term leased office on the University of Liverpool campus (phase 1) for clinical exams, education workshops, and as a hub for members and fellows. We also signed heads of terms for a 25-year lease on a half-share of a 140,000 square foot building in the Paddington Village Knowledge Quarter (phase 2). Scheduled to open in 2020, RCP North will become a major operational and administrative centre for the RCP.

RCP events held to engage the public included:

- > three well-attended public lectures on the life of Hans Sloane, human genome sequencing and Roald Dahl's marvellous medicine
- > an exhibition on the life of Sir Thomas Browne
- > public open days and tours.

We prepared for our 500-year celebrations in 2018 by:

- > publishing three further books in the '500 reflections on the RCP' series and supporting the publication of a large, illustrated volume on the history of the RCP
- > creating an anniversary website, telling the story of the RCP and medical standards over five centuries
- > holding an event to celebrate the making of the RCP500 anniversary tapestry by the Keiskamma Trust in South Africa
- > asking physicians to sign up to our modern-day charter and raising funds for Physicians for Africa via the Charter Cycle, a 2,018-mile fundraising journey.

## A cabinet of rarities

Our exhibition on Sir Thomas Browne ran throughout 2017. It explored 17th-century physician, philosopher, collector and polymath Thomas Browne's curious approach to the world through his writing and his collection.

Browne saw the extraordinary in the ordinary and introduced over 700 new words to the English language, while inspiring literary greats such as Virginia Woolf and Edgar Allan Poe. His collection revealed a fascinating perspective on 17th-century scientific and medical research.

The exhibition was co-curated with Queen Mary University of London alongside an innovative events programme, including an evening with food artist and historian Tasha Marks.



Our Twitter followers  
increased to  
**36,500**

**4,000 doctors**  
received face-to-face  
training from our  
educationalists

The RCP Museum  
welcomed almost **6,000**  
people to our exhibitions,  
tours and events

**500,000**  
PDFs were downloaded  
from our website



**Almost 2,000  
people downloaded  
guidance on safe  
prescribing**

**36 chief registrars  
recruited** – future  
clinical leaders  
of the NHS

Our membership  
grew to almost

**34,500**

We opened phase  
1 of RCP North,  
**our new centre for  
clinical excellence**

# Our plans for 2018

2018 marks the 500th anniversary of the RCP. In 2018, we will further develop the RCP strategy to deliver our vision of the best possible health and healthcare for everyone. We plan to carry out the following activities under our five strategic themes:

## Improving care for patients

### We will:

- > support physicians and multidisciplinary teams to lead quality and service improvement through our national clinical audits
- > set, measure and promote standards that improve care for patients, through our work on clinical guidelines
- > continue to develop and implement our vision of the future hospital and promote good practice in health service design, working with development sites to deliver clinically led projects, focused on providing person-centred care across integrated healthcare services
- > develop health services that promote patient safety, patient experience, staff wellbeing and service improvement, through quality improvement tools and methodologies used in accreditation programmes.

### Our specific plans include:

- > building on the success of the QI collaborative with further cohorts in diabetes, smoking cessation, COPD and IBD
- > creating a comprehensive educational strategy for quality improvement and patient safety including specific resources for educational supervisors
- > recruiting up to 70 chief registrars
- > creating a learning resource for junior doctors to improve discharge summaries
- > delivering and publishing four clinical record standards
- > providing expert assessment and support on how to tackle particular organisational and service challenges (including digital and technology)
- > developing a comprehensive strategy and programme plan for health informatics
- > establishing plans to enable the collection of national clinical audit data to extract data from electronic patient records used for care delivery
- > supporting implementation and learning from the RCP National Mortality Review Tool, holding our first annual conference and publishing our first annual report in this area
- > launching the GIM and AIM registrar quality criteria.

## Developing physicians throughout their careers

### We will:

- > shape the future of the medical workforce in the UK through curriculum development and individual assessment
- > promote high-quality medical education and clinical leadership across the world by providing a range of clinical and non-clinical education events for physicians
- > promote lifelong learning for physicians and aspiring physicians, and accessible opportunities for development, through continuing professional development and provision of learning resources
- > promote medicine as a career by developing information and careers advice.

### Our specific plans include:

- > launching the new CPD app
- > MRCP(UK) PACES 2020 pilot and new format Part 2 examination
- > running the first European gastroenterology and hepatology exam
- > implementing the new internal medicine curriculum
- > rewriting 30+ specialty curricula to meet the GMC's new standards for curricula and assessment
- > launching a new edition of *Medical Masterclass*, our multimedia revision assistance for MRCP
- > developing credentials for selected areas of clinical practice
- > with HEE, developing opportunities for Flexible Portfolio Training and guidance to help support clinicians' learning
- > launching an e-learning module to train fellows on Advisory Appointments Committees
- > publishing results from the 2016 post-CCT survey and undertaking the 2017 survey
- > two snapshot surveys covering wellbeing and outpatients
- > carrying out a workforce survey on SAS doctors, undertaking workforce modelling and holding an annual workforce and specialties meeting
- > establishing a group to support wellbeing and flexible careers
- > building oncology and neurology capacity in Kenya, Rwanda, Tanzania and Uganda by increasing access to specialist training through the Medical Training and Fellowship (METAF) Programme in partnership with the British Council and the East African Development Bank.

## Leading and supporting our members

### We will:

- > increase our reach and relevance to all our members by strengthening our regional networks and the services that we provide to physicians, wherever they are based
- > support our members in their daily practice by enabling two-way dialogue and information, and encouraging involvement in wider RCP activities that improve patient care
- > deliver an exceptional membership experience by targeting our communications and support for members at each career stage
- > increase our understanding of the context in which our members work in the UK and around the world, and provide them with support and services appropriate to the needs of patients locally.

### Our specific plans include:

- > launching an RCP jobs board to enhance membership experience and offer an alternative to NHS health authorities recruiting doctors
- > conducting the 2018 consultant and HST census and publishing results from the 2017 census
- > conducting the Faculty of Physician Associate census
- > RCP support for the 2018 round of National Clinical Excellence Awards
- > delivering RCP500 celebrations across the regional network and continuing to improve the learning opportunities for members in the regions
- > strengthening relationships and team working between regional representatives
- > delivering the 2018 Excellence in Patient Care Awards
- > launching a campaign to celebrate RCP membership and encourage involvement in our community
- > publishing the learning from invited reviews
- > supporting the development of the East, Central and Southern Africa College of Physicians (ECSACoP) to begin to deliver clinical training.

## Shaping the future of health and healthcare

### We will:

- > use the expertise of physicians and the experience of patients to influence the future of healthcare, from parliaments to hospitals in both the UK and the wider EU
- > ensure that patients' and carers' experiences shape everything that we do by further developing patient and carer involvement across the breadth of RCP work
- > improve the public's health by championing evidence-based action to prevent ill health, nationally and internationally, such as in the fields of smoking, alcohol and air quality
- > foster innovation in health and promote research across medicine, including participation in research across career stages and specialties.

### Our specific plans include:

- > launching Our Future Health – a programme of work to explore the challenges faced by physicians in practice and how these are affected by the systems they work in
- > continuing to strengthen patient involvement at the RCP through targeted involvement in policy activities and projects, including the Our Future Health programme
- > undertaking a party conference programme and parliamentary/assembly events to promote specific activities
- > focusing political and stakeholder engagement on RCP key priorities of workforce, system pressures, Our Future Health report and Brexit
- > managing and developing the RCP's messages and partnerships on public health in the UK and EU, including on tobacco, alcohol, obesity and sustainability.

## Investing in our future, building on our heritage

### We will:

- > deliver a financially sustainable future by making the most of our expertise and managing our finances well in support of our strategy and services
- > run an excellent organisation that enables us to deliver our vision of better health and healthcare for everyone through efficient use of internal systems and resources
- > be a responsible organisation that lives by the values which we champion in the health service, especially in terms of environmental sustainability
- > make our current knowledge and our long history work for the benefit of present and future generations through access to our heritage and collections.

### Our specific plans include:

- > launching the RCP Safe Medical Staffing working party
- > furthering developments at RCP North
- > celebrating our 500th anniversary in 2018 with a programme of events
- > digitising library and archive collections through external partnerships
- > holding two major exhibitions; one on William Harvey and another on women in medicine
- > organising a series of events throughout the year to celebrate RCP500, including monthly RCP Museum late openings and a 1-day conference on the history of medicine
- > launching a heritage trail around the RCP building.

# RCP North – open for business

We made significant progress in 2017 with RCP North, our new centre for clinical excellence in Liverpool. Phase 1, in our interim building, opened in October and marks the start of a long-term plan to provide services outside of the capital to benefit members, fellows and partners in our northern regions, ultimately leading to improved patient care.

RCP North is already being used to deliver an array of activities for members, including workshops, training events, and PACES examinations. It is also the home of the recently launched RCPQI, which will bring together existing quality improvement work within the RCP, as well as developing new approaches to support a continuously improving healthcare system.

Alongside this, the design of the new building (phase 2) in cooperation with Liverpool City Council is well under way and scheduled to open in 2020.



 UNIVERSITY OF  
LIVERPOOL

William Henry  
Duncan Building

809

- Institute of Ageing and Chronic Disease
- Institute of Translational Medicine
- Liverpool Bio Innovation Hub
- University of Liverpool Bio Bank
- Royal College of Physicians

Map ref  F9

# RCP boards, committees and lists

## Officers of the RCP

### Visitor

Her Majesty the Queen

### President

Professor Jane Dacre

### Vice president for education and training (senior censor)

Dr Gerrard Phillips (demitted July 2017)

Dr Emma Vaux (appointed August 2017)

### Clinical vice president

Professor David Oliver

### Academic vice president

Professor Margaret Johnson

### Treasurer

Professor Chuka Nwokolo

### Registrar

Dr Andrew Goddard

### Censors

Dr Liz Berkin (demitted July 2017)

Dr David Cohen (appointed August 2017)

Dr Andrew Douds

Professor Kevin Harris

Dr Adrian Jennings

Dr Andrew Macleod

Dr Emma Vaux (demitted July 2017)

Dr Robert Wright (appointed August 2017)

### Vice president for Wales

Dr Gareth Llewellyn

### Linacre fellow

Dr Ananthakrishnan Raghuram

### Harveian librarian and deputy treasurer

Professor Simon Bowman

### Director, International Office (Hans Sloane fellow)

Professor Ali Jawad

### Editor of the Future Healthcare Journal

Dr Ed Nicol

### Clinical director for quality improvement and patient safety

Dr John Dean

### Medical director, Joint Royal Colleges of Physicians Training Board (JRCPTB)

Professor David Black

### Deputy medical director, JRCPTB

Dr Alastair Miller

### Medical director, of CME and CPD

Dr Emma Vaux

### Medical director, MRCP(UK)

Professor Andrew Elder

### Senior examiner of the London College

Dr Tanzeem Raza

### Associate medical director, written examinations

Dr Derek Waller

### Associate medical director, clinical examinations

Dr Kenneth Dagg

### Associate medical director, quality

Dr Phil Smith

### Associate medical director, International

Dr Donald Farquhar

### Director, Medical Workforce Unit

Dr Nigel Trudgill

### Deputy directors, Medical Workforce Unit

Dr Sarah Logan and Dr Rifca le Dieu (job-share)

### Director, Health Informatics Unit

Professor John Williams

### New technologies clinical lead

Professor Jeremy Wyatt

### Patient involvement officer

Dr Helen Gentles

### Director, invited service reviews

Dr Peter Belfield

### Future Hospital officers

Dr Mark Temple

Professor Frank Joseph

### Clinical director for audit and accreditation

Dr Ian Woolhouse

### Director, National Guideline Centre

Professor Bernard Higgins

### Medical careers officer

Dr Hina Pattani

### Garden fellow

Dr Henry Oakeley

### Representative on the Advisory Committee of the Chelsea Physic Garden

Professor Michael de Swiet

### Chief executive

Dr Ian Bullock



## Board of Trustees

### *Ex officio members*

Professor Jane Dacre, president  
 Professor Chuka Nwokolo, treasurer  
 Dr Andrew Goddard, registrar  
 Professor David Oliver, clinical vice president  
 Dr Emma Vaux, vice president education and training and senior censor (appointed August 2017)  
 Dr Gerrard Phillips, vice president education and training and senior censor (demitted July 2017)  
 Professor Margaret Johnson, academic vice president

### **Members nominated from Council**

Dr David Nicholl  
 Dr John Firth  
 Dr Adrian Jennings (appointed August 2017)  
 Dr Robin Lachmann (appointed August 2017)

### **Lay members**

Tom Vyner CBE  
 Andrew Chandler  
 Graham Meek  
 Lady Estelle Wolfson (demitted December 2017)

## Members of Council

Professor Jane Dacre  
 Dr Gerrard Phillips (demitted July 2017)  
 Dr Emma Vaux (appointed August 2017)  
 Professor David Oliver  
 Professor Margaret Johnson  
 Professor Chuka Nwokolo  
 Dr Andrew Goddard  
 Dr Gareth Llewellyn (appointed January 2017)  
 Professor Aine Burns (appointed August 2017)  
 Professor Sue Carr (appointed August 2017)  
 Dr John D Dean  
 Dr John Firth  
 Dr Mike Gill (demitted July 2017)  
 Dr Adrian Jennings  
 Professor Namita Kumar (appointed August 2017)  
 Dr Robin Lachmann  
 Dr Pippa Medcalf (appointed August 2017)  
 Dr David Nicholl  
 Dr Roby Rakhit  
 Dr Tanzeem Raza  
 Dr Michael Rose  
 Professor Raymond Tallis  
 Professor Simon Taylor-Robinson  
 Professor Anthony Ward (demitted July 2017)  
 Professor Ashley Woodcock OBE  
 Dr Emma Vaux (demitted July 2017)

Dr Andrew Macleod (appointed August 2017)  
 Dr Jason Payne-James (demitted May 2017)  
 Professor Carol Seymour (appointed May 2017)  
 Dr Richard Heron (demitted October 2017)  
 Dr Anne de Bono (appointed October 2017)  
 Dr Alan Boyd  
 Professor John Middleton  
 Dr Carl Waldmann  
 Ms Jeannie Watkins  
 Dr John W Dean  
 Dr Tun Aung (appointed July 2017)  
 Dr Andrew Freedman  
 Dr Michael Trimble  
 Dr Sarah Clarke  
 Dr Nick Levell  
 Professor Martin Lombard  
 Dr Peter Lanyon  
 Dr Eileen Burns  
 Dr Lisa Davies  
 Dr Sarah Clarke  
 Dr Mark Holland (demitted September 2017)  
 Dr Nick Scriven (appointed September 2017)  
 Professor Philip Smith (demitted May 2017)  
 Professor Mary Reilly (appointed May 2017)  
 Professor John Wilding  
 Dr Tajek Hassan  
 Dr Aisling Carroll  
 Dr Chee-Seng Yee  
 Dr Carol Postlethwaite  
 Dr Amer Jafar (demitted June 2017)  
 Dr Warshad Ali (appointed June 2017)  
 Ms Elisabeth Davies

## Finance and Resources Board

Professor Chuka Nwokolo, treasurer  
 Charles Perrin CBE  
 Professor Charles Baden-Fuller  
 Dr Tim Battcock  
 Laura Gibbs  
 Sarah Barzycki  
 Dr Ananthakrishnan Raghuram  
 Professor Anthony B Ward  
 Dr Andrew Goddard, registrar  
 Professor Jane Dacre, president  
 Professor Simon Bowman, Harveian librarian and deputy treasurer

### **Audit and Risk Committee**

Andrew Chandler  
Graham Meek  
Ray Sadler  
Tim Golbourn  
Roger Speddy

### **Investment Advisory Panel**

Professor Chuka Nwokolo  
Professor Simon Bowman  
Consuelo Brooke  
James Hordern  
Adam Matthews  
Michael Donaghy  
Dr Richard Long  
Dr Brian Cooper  
Simon Ellen

### **Remuneration Committee**

Professor Chuka Nwokolo  
Andrew Chandler  
Graham Meek  
Professor Anthony B Ward  
Nigel Turner

### **Awards, prizes and lectures**

#### **Baly medal**

Professor Dimitri Kullmann

#### **Christmas lecture**

Professor Tom Solomon

#### **Croonian lecture**

Professor Adrian Thrasher

#### **FitzPatrick lecture**

Professor Gareth Williams

#### **Graham Bull prize and Goulstonian lecture**

Dr Miratul MK Muqit

#### **Harveian orator**

Professor Chris Whitty

#### **Linacre lecture**

Dr Andrew Clegg

#### **Lady Estelle Wolfson lecture**

Dr Marta Korbonits

#### **Milroy lecture (delivered 2019)**

Professor Simon Capewell

#### **Moxon medal**

Professor Keith Fox

#### **Parkes Weber lecture**

Dr Cameron Kennedy

#### **Samuel Gee lecture**

Professor Roy Taylor

#### **Teale essay prize for trainees**

Dr Conor Bowman

#### **Weber-Parkes medal**

Professor Andres Floto

### **Fellowships and bursaries**

#### **Dr JD Ramsay bursaries in cardiology**

Dr Tamim Akbari  
Dr Ramesh Nadarajah  
Dr Sean Zheng  
Dr Filip (Phil) Ostrowski

#### **John Glyn bursary**

Dr Samantha Hider  
Dr Steven Zhao

#### **RCP and NIHR Clinical Research Network joint research awards**

Dr Amit Arora  
Dr Mohini Varughese  
Dr William Man  
Professor David Kiely  
Professor Ray Chaudhuri  
Dr Nicholas Simmonds  
Dr Justin Garner  
Dr Gaurav Gulsin  
Dr Harriet Walter  
Dr Jason Biswas  
Dr Mark Samaan

#### **RCP medical student elective bursary**

Anna Taylor  
Ross Kelly  
Yixi Bi  
Jessica Thompson  
Petros Tyriakis  
Philippa Cory  
Yuji Suzuki  
Efioanwan Andah  
Joseph Masters  
Faisal Alam  
Imogen Welding  
Katherine Harris

#### **RCP travelling bursary in endocrinology and diabetes mellitus**

Dr Ali Hameed  
Dr Jawad Bashir  
Dr Mona Abuzaid

#### **Samuel Leonard Simpson fellowships in endocrinology**

Dr Jan Ho

#### **Thomas Watts Eden paediatric fellowship**

Dr Jaya Parasuraman

## Elections and admissions

### New fellows

1,107 elected under bye-law 39 (a, c and d)  
 10 elected under bye-law 39 (b)  
 7 elected under bye-law 39 (e)  
 91 elected under bye-law 39 (g)

### New honorary fellows

None

## Major donors for 2017

Backstage Trust  
 The JABBS Foundation  
 The Lord Leonard and Lady Estelle Wolfson Foundation

## Principal advisers

### Solicitors

Fieldfisher LLP  
 Riverbank House  
 2 Swan Lane  
 London  
 EC4R 3TT

### Bankers

C Hoare and Company  
 37 Fleet Street  
 London  
 EC4P 4DQ

Lloyds plc  
 National Clubs and Charities Centre  
 Sedgemoor House  
 Dean Gate Avenue  
 Blackbrook Business Park  
 Taunton  
 TA1 2UF

### Auditor

Crowe Clark Whitehill LLP  
 St Bride's House  
 10 Salisbury Square  
 London  
 EC4Y 8EH

### Investment managers

Cazenove Capital Management  
 12 Moorgate  
 London  
 EC2R 6DA

Ruffer LLP  
 80 Victoria Street  
 London  
 SW1E 5JL

Morgan Stanley Private Wealth Management  
 25 Cabot Square  
 Canary Wharf  
 London  
 E14 4QA

### Principal address

11 St Andrews Place  
 Regent's Park  
 London  
 NW1 4LE

### Chief executive

Dr Ian Bullock  
 Supported by key management personnel

### Deputy chief executive

Clive Constable

### Executive director, membership support and global engagement

Matthew Foster

### Executive director, care quality improvement

Rhona Buckingham

### Executive director, education

Della Freeth

### Executive director, strategy, communications and policy

Nick Samuels

### Executive director, corporate services

Justin Smith

### Chief operating officer, NGC

Norma O'Flynn

### Director, human resources

Linda Asamoah

### Chief operating officer – Federation

Yasmin Becker

### Head of CPD and revalidation

James Hill-Wheatley

### Director of business and development

Ed Weir

### Chief operating officer – FMLM

Kirsten Armit

## Financial powers and policies

This section should be read in conjunction with the financial statements on pages 40 to 61. An overview of the financial results is given in the treasurer's report on pages 35 to 37.

### Fundraising

The RCP benefits from the support of donors including many members and fellows, as well as charitable trusts and other supporters. We use our charitable support to fund research and training, and to conserve our heritage collections – all in the aim of improving healthcare. This report allows us to show how our charitable funds are distributed and spent. It demonstrates the benefits and effect that the funds have had on supporting physicians and improving patient care.

#### Principal fundraising activities and performance

Launched in 2017, 'Giving Health' is the RCP's ongoing fundraising appeal to raise philanthropic donations to fund key areas of our work. 'Giving Health' aims to raise funds for four vital projects that demonstrate our shared commitment to the medical profession:

- Physicians for Africa – a partnership with leading physicians in east, central and southern Africa to create a new training college in a region desperately short of well-trained doctors
- The Physicians' Fund – the award of grants to trainees and new consultants seeking to pursue innovation in medicine
- RCP North – the construction of a state-of-the-art facility in Liverpool for the education and examination of physicians, which will also pioneer advances in medical education
- Heritage – the improvement of facilities for fellows and members in Regent's Park, including renovation of our exhibition space and new, welcoming spaces for meeting and collaboration.

Income from donations to these restricted funds in 2017 was £172k (2016: £0k). Income from unrestricted donations also grew in 2017 to £52k (2016: 27k). In addition, the RCP has a long history of legacy giving dating back to the first president, Thomas Linacre, who bequeathed his home to the College in 1524. Income from legacies in 2017 was £31k (2016: £39k).

We are very pleased to have achieved this result against the external economic climate and recognise that there is scope for our fundraising to grow. We are now investing in our fundraising operations and implementing a strategy to secure increased levels of funding from individual donors, charitable trusts and foundations, companies and legacies.

During this financial year fundraising was carried out by RCP staff with the support of two consultancies, under the regular and close supervision of the CEO, deputy CEO, senior officers and trustees. No complaints were received during this period.

#### Fundraising controls and regulation

We are aware that our fundraising success is dependent on maintaining the trust of our donors and the public. We have a number of controls in place to ensure that our fundraising remains ethical, transparent and compliant with current regulation. Our Board of Trustees plays an active role in our fundraising activities, reviews fundraising plans and ensures that fundraising activity operates in line with regulatory requirements and relevant best practice.

We have an Ethical Fundraising Policy which ensures that we only receive donations from individuals and organisations whose aims and objectives are compatible with our own. All of our fundraisers receive compulsory training in this area. We are also joining the Fundraising Regulator and formally adopting the Code of Fundraising Practice.

## Investments

### Powers and governance

The RCP's bye-laws give the trustees powers to appoint fund managers to manage its investments.

The Investment Advisory Panel (IAP) is responsible for monitoring the performance of the investment portfolios and of the fund managers. The IAP meets with the fund managers quarterly to review their reports and progress. The IAP is chaired by the treasurer, and its membership includes fellows, independent external advisers and managers from the Finance Department. The panel reports to the Finance and Resources Board.

### Management

Funds required in the medium to short term are invested directly by the RCP in fixed-term deposits with banking institutions with a minimum A rating. The remaining funds are invested with external fund managers who have discretionary powers of investment within agreed restrictions as agreed in the Statement of Investment Principles.

The external funds are managed by Cazenove Capital Management (previously called Schroder and Co. Ltd) and by Ruffer LLP. The managers' mandate is to invest, on a total returns basis, in a globally diversified portfolio of cash, equity, fixed income, convertible bonds, hedge fund securities, property funds and commodities' funds. A relatively small investment remains with the former investment managers Morgan Stanley, in the form of hedge funds that are in the course of being liquidated and transferred to the current fund managers.

The RCP's objective is to invest its investment assets to maximise returns, with low level of risk, through a diversified asset portfolio. Within this framework a number of objectives have been agreed to help guide the Finance and Resources Board in their strategic management of the assets and control of the various risks to which the RCP is exposed.

Where appropriate, the Finance and Resources Board has approved benchmarks for the proportion of the portfolios invested in different asset classes and permitted control ranges within which these proportions may fluctuate. These ranges limit the risk of concentration in one asset class and control and reduce volatility.

For some parts of the portfolio, the Finance and Resources Board has approved investment in a specific investment fund. The nature of this fund also limits the risk of concentration in one type of investment and controls and reduces volatility. The principal fund managers will maintain and report on these investments until instructed otherwise by the Finance and Resources Board.

The bye-laws do not specify any form of restriction on the investment of funds, but the Board of Trustees have stated that the RCP's funds are not to be directly invested in:

- companies that derive their turnover from the sale of tobacco products
- land or property (investment in property funds is permitted).

### Objectives

The RCP's investment objectives are:

- main fund: annual income requirement – £550,000; target a total return of inflation plus 3%–5%
- trust funds: annual income requirement – £250,000; target capital growth in line with inflation
- leasehold fund: annual income requirement – target growth return – in excess of inflation plus 3%–5%.

The annual income requirements will grow in line with inflation and will be met from dividend income and bond interest receipts. In 2017 overall income targets were met with income of over £960k.

The below table shows the performance of our investments during the year:

Fund	Target	1-year performance (%)	Prior year performance (%)	Performance since inception* (annualised %)	
				Actual	Target
Main	RPI +3–5%	8.9	15.3	7.3	6.8
Trust	RPI	8.6	17.5	8.5	2.8
Leasehold	RPI +3–5%	1.0	12.9	4.8	6.8

\*inception taken from 31 March 2011

### **Ethical Investment Policy**

During 2017 the Ethical Investment Policy was refreshed with a particular focus on exclusions on production or supply of tobacco, indiscriminate weaponry and sale or production of alcohol.

### **Total returns policy**

RCP received a total return order from the Charity Commission, dated 6 February 2012, which enables the trustees to decide which part of the unapplied total return from the investment of the charity's permanent endowments should be held on trust for application for the purposes of the charity.

The policy applied in determining the initial amounts of the trusts for investments and any unapplied total return was identifying an appropriate and suitable date at which the investments (which were all invested with and managed by external fund managers) were at their lowest. This date was determined (through reference to the general stock market conditions over the period) as 30 September 1988.

The value of the investments at this date was 'frozen' and classified as frozen permanent capital and the remainder of the investments was classified as unapplied total return.

The amount of the unapplied total return allocated to income was the actual costs of grants, fellowships and other costs such as medals, prizes and honararia that were awarded in the financial year, as stipulated by and within the remit of the various funds.

### **Policy on reserves**

To deliver its business plan, the RCP has agreed a budgeting and reserves policy that enables it to make appropriate strategic allocations of funds, while at the same time securing a sound financial base for future requirements. Services are provided with a clear understanding of whether they should be subsidised, cost neutral or delivered at a surplus. Through this policy, the RCP seeks to develop new sources of income to mitigate the risk of over-reliance on major income streams. Investment decisions on the resources necessary, both to deliver new activities and to sustain continuing commitments, are based on the RCP's overall strategic needs.

The trustees make allocations between the main activities, based on the current environment and the changing requirements of the RCP's key activities. The Finance and Resources Board recommends an overall financial framework for the preparation of annual budgets to the trustees, taking into account the need to maintain reserves.

The RCP's unrestricted income is relatively predictable, while its expenditure is more variable and uncertain in some aspects, hence the requirement for financial reserves. The budgets and future plans are put in place to overcome any uncertainty over income or unexpected calls on the charity's funds. The RCP holds a number of permanently endowed and restricted funds which result from bequests or donations for particular purposes, details of which are set out in notes 18 and 19 to the financial statements.

The RCP also holds reserves in the form of designated funds that are earmarked for particular purposes by the trustees. Two of the main designated funds are the intangible and fixed assets fund, represented by tangible and intangible and fixed assets, which are not readily converted into cash, and the leasehold replacement fund, the value of which is represented by external investments. The free reserves of the RCP, excluding designated funds, are represented by a mixture of external investments and net assets that include cash reserves. The minimum target free level is 5 months of unrestricted expenditure and is set based on the risk to income and expenditure fluctuations, unexpected need for funds and a need to provide working capital for the operation.

The free reserves of the RCP as at 31 December 2017 were £15.5 million after deducting the defined benefit pension scheme deficit (2016: £17.2 million). This represents 5.3 months of the unrestricted operational expenditure.

### **Trading subsidiary**

The RCP's wholly owned trading subsidiary, The RCP Regent's Park Limited's net profit for the year ended 31 December 2017 of £703k will be paid under gift aid to the RCP in 2018. The principal activity of the company is to organise, provide facilities for and hold conferences, seminars, courses of instruction, demonstrations, lectures, exhibitions, private dinners and functions. The trading results and balance sheet of the subsidiary extracted from its audited accounts are set out in note 21 to the financial statements.

### Going concern

The RCP's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 5 to 23. The financial position of the RCP, its cash flows, liquidity position and reserves are described in the financial statements on pages 40 to 61. In addition, note 1 to the financial statements includes the RCP's policies for managing its funds. The management of financial and other risks is described below.

The RCP has considerable available financial resources, comprising equities and bonds, and short-term cash instruments and deposits totaling £53 million, representing 105% of total reserves. In addition, the RCP obtains funding from a wide range of activities. As a consequence, the trustees believe that the RCP is well placed to manage its business risks successfully.

The trustees consider that the RCP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Structure, governance and management

The RCP is a registered charity (no. 210508), incorporated by royal charter dated 23 September 1518, affirmed by an act of parliament in 1523. The charter of 1518 was amended by a supplemental royal charter dated 11 March 1999. The governing instruments of the RCP are the royal charters, and the bye-laws as amended from time to time.

#### Board of Trustees

The Board of Trustees is the RCP's governing body, and meets four times a year. It is responsible for:

- defining RCP policy, agreeing the RCP business plan and monitoring the progress of RCP affairs
- ensuring the safe management and custody of all RCP assets.

The consideration of the Charity Governance Code is an ongoing process and will be concluded in the coming year.

The Board of Trustees has the authority to delegate any of its powers to the RCP's boards and committees. Ultimately, all decisions apart from changes to the bye-laws and regulations are either taken by or on behalf of the Board of Trustees, and reported to the fellows at the AGM.

The Board of Trustees comprises:

- senior officers of the RCP (ex-officio – six)
- members nominated from Council (four)
- lay members appointed by the Board of Trustees (four).

Trustees are inducted in the operations of the RCP as well as their statutory obligations as a charity trustee when they are appointed. The training requirement for trustees is kept under regular review and meetings of the Board are usually preceded by a training session on a specific topic. In 2017 we launched a new web-based governance hub to make material more accessible to trustees.

#### Council

Council meets six times a year. Its function is to develop RCP policy in relation to professional and clinical matters, and to give authority to:

- RCP statements and publications
- conduct and results of the MRCP(UK) examination
- elections to the fellowship and membership as well as of RCP officers.

There is one board with specific responsibility to the Council:

- Medical Specialties Board.

Four boards report on the operational work of the RCP under our five strategic themes and report through the operational plan to the Board of Trustees:

- Care Quality and Improvement Board

- Education Board
- Membership Support and Global Engagement Board
- Strategy, Communications and Policy Board.

### **RCP officers**

The senior officers of the RCP (president, vice presidents, treasurer and registrar) are all trustees of the charity. Their involvement in all of the main boards and committees of the RCP ensures that due consideration is given to the RCP's charter and bye-laws on every occasion.

### **Annual General Meeting**

The AGM or Comitia of fellows is combined with the annual presidential election, and by act of parliament is held on the first Monday after Palm Sunday.

### **Fellows**

Fellowship is the highest level of membership of the Royal College of Physicians and comes with many benefits and responsibilities. Fellows have distinguished themselves in the practice of medicine, medical science or medical literature. At the time of election, the fellow is normally a member of the RCP of at least 4 years standing and in a substantive consultant post for a minimum of 3 years, and making a significant contribution in one or more of these areas of practice. Fellows are nominated for election by Council and have the right to stand for office, to vote for officers and to attend and vote at the Annual General Meeting (AGM).

### **Boards**

There are four boards with specific responsibility to the Board of Trustees. They are:

- Council
- Finance and Resources Board
- Audit and Risk Committee
- Remuneration Committee.

### **Finance and Resources Board**

In 2017 the Finance and Resources Board met four times. It has responsibility for:

- agreeing and monitoring the application and use of resources
- monitoring the business planning process and delegating decisions on new activities to senior management within agreed financial limits.

The Board is chaired by the treasurer, and its membership includes the president and registrar (both *ex officio*), two elected members of Council, two other fellows and up to five members from outside the RCP.

There are two committees with specific responsibility to the Finance and Resources Board. They are:

- Funding Awards Committee (formerly Trust Funds Management Committee)
- Investment Advisory Panel.

### **Audit and Risk Committee**

Formed at the end of 2016, this committee reviews the preparation of the annual financial statements before making an appropriate recommendation to the Board of Trustees. During the year the committee commissioned a series of internal audits carried out by haysmacintyre which seek to examine and improve various financial and operational practices of the RCP. These will continue in 2018.

### **Remuneration Committee**

This new committee has been established to provide independent review and recommendations to the Board on the RCP's remuneration policy, pay awards, senior staff performance reviews and pay and related matters. It met formally for the first time in December 2017.



## Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the group's net incoming or outgoing resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the royal charters and bye-laws. They are also responsible for safeguarding the assets of the charity and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees of the charity are aware of their duty under section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales. They have fulfilled this during 2017 by receiving regular reports on the development of the Commission's guidance. They have taken account of public benefit guidance in the development and approval of the RCP's operational plan and supporting budgets for 2018, which were approved in 2017.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Management

Responsibility for the day-to-day operations of the RCP is delegated to the chief executive, who is accountable to the Board of Trustees. The management and staff of the RCP are structured to carry forward the work and achieve the objectives of the RCP, and to provide support services. Each department of the RCP is also overseen at a governance level by a designated officer.

Key management personnel are considered to be those personnel who have the authority and responsibility for planning, directing and controlling the activities of the RCP. Key management personnel are remunerated within the RCP's general staff policy for pay and reward that is competitive within the charity sector, proportionate to the complexity of each role, and responsible in line with our charitable objectives.

A large number of volunteers are involved with the RCP's work, in the UK and abroad. The vast majority are doctors who are members of the RCP who support RCP activities, such as by being examiners, regional advisers, or representatives on consultant appointment committees. There are many more examples, and the RCP also has a Patient and Carer Network which allows members of the public to become involved. Medical staff give of their own time, but also rely on NHS guidance about the ability to use NHS time for the greater benefit of the NHS.

## Risk management

The trustees have overall responsibility for risk management in the RCP. Agreed processes are in place by which the trustees review, identify and assess major risks and agree with management the controls that already are, or will be, put in place to manage those risks. These details form part of the risk register, which trustees regularly review in full. The controls put in place provide a reasonable but not absolute assurance that risks have been adequately mitigated.

Risk issues in the day-to-day operation of the RCP are delegated to management to monitor and implement appropriate control measures. Any new areas of risk identified are reported to the Audit and Risk Committee, including how they have been managed. The Audit and Risk Committee reports any areas of concern to the trustees, with recommendations for corrective action.

The principal categories of risk that the RCP monitored and sought to mitigate are:

Area of risk	Risk	Mitigating factors
<b>Governance</b>	Complex range of activities and organisational structure.	<ul style="list-style-type: none"> <li>Adequate internal controls and policies in place.</li> <li>Appointment of internal auditors in 2017 to help focus on high-risk areas.</li> </ul>
<b>Governance</b>	Ongoing services structure provided through the Federation with the Scottish physician colleges.	<ul style="list-style-type: none"> <li>Ongoing negotiations with Scottish counterparts are being well managed.</li> <li>Detailed operational plans have been developed.</li> <li>Relevant professional advice has been sought at each stage of the negotiations.</li> </ul>
<b>Operational risks</b>	Information technology: migration from old database systems and websites to more modern systems.	<ul style="list-style-type: none"> <li>Monitoring by the Knowledge and Information Systems Committee in line with the RCP's overall strategy.</li> </ul>
<b>Operational plans</b>	Ageing and inflexible (grade I) estates infrastructure and the new expansion plans in Liverpool.	<ul style="list-style-type: none"> <li>A developing property and facilities team.</li> </ul>
<b>Operational plans – RCP North</b>	Strategic project puts excessive pressure on the reserves, causes management stretch and key personnel to leave. Fails to deliver on opportunity.	<ul style="list-style-type: none"> <li>Good project management.</li> <li>Focus on financial management/planning, supported funding proposals.</li> <li>Regular staff communication.</li> </ul>
<b>Financial risks</b>	A deficit in the closed defined benefit pension scheme, for which we have agreed a repayment over the next 7 years.	<ul style="list-style-type: none"> <li>A new agreed deficit repayment over the next 7 years.</li> <li>A strong Defined Benefit Trustee Board.</li> </ul>
<b>Financial risks</b>	Ability to generate income/fundraise and grow/diversify the revenue base and our ability to control costs, causing cash management strain.	<ul style="list-style-type: none"> <li>Increased focus of cash management and planning</li> <li>Newly appointed team looking at the capacity of the RCP to grow in this area.</li> </ul>
<b>Environmental or external factors</b>	Government policy on the NHS, and impact on medical professionalism and standards, while remaining aligned to the views of our members.	<ul style="list-style-type: none"> <li>Continued influence on the engagement plans with our members and government on NHS policy.</li> </ul>

### Auditor

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

### Approved by the Board

The annual report has been approved by the Board of Trustees on 20 June 2018 and signed on its behalf by:



**Professor Dame Jane Dacre**  
President



**Professor Chuka Nwokolo**  
Treasurer

# Treasurer's annual report

I am pleased to present my report, as part of the annual report of trustees, for the year ending 31 December 2017.

Continued investment in the delivery of the RCP strategy 2015–20 has seen expenditure rise by 6% in 2017 compared with 2016, while our income has increased by 2%.

This growth in the investment programme contributed to a widening in the net operating deficit from (£1,779k) in 2016 to (£3,698k) in 2017. This position was ameliorated somewhat by a reduction in the pension fund deficit of £582k and unrealised gains from the investment portfolio of £2,114k, resulting in an overall net deficit of (£1,002k):

	2017				2016
	Unrestricted	Restricted	Endowment	Total	Total
	£000				£000
Total income	32,502	8,917	340	41,759	40,711
Total expenditure	35,091	9,810	556	45,457	42,490
Net operating result	(2,589)	(893)	(216)	(3,698)	(1,779)
Other net gains/(losses)	2,111	79	506	2,696	2,713
<b>Net movement in funds for the year</b>	<b>(478)</b>	<b>(814)</b>	<b>290</b>	<b>(1,002)</b>	<b>934</b>

## Income and expenditure

The RCP's consolidated total income in 2017 was £41.7 million (2016: £40.7 million). Growth of 4% in unrestricted income was driven by MRCP exams, clinical standards and membership, and increased our income proportion on unrestricted from 77% to 78% of the total. Restricted income recorded a slight decline mostly due to reduced clinical guidelines work for NICE through the National Guideline Centre.

2017 saw a steady increase of 3% in membership numbers across all categories. The Federation activities (examinations, training and CPD), in collaboration with the two Scottish physician colleges, continue to grow and expand internationally.

Our income from medical and non-medical meetings and events at 11 St Andrews Place has remained an important income stream, in an ever more competitive market, as well as continuing to provide a valued service to support the internal functions of the RCP. We have continued to invest in our audiovisual and streaming facilities and new interactive technologies at both London and Liverpool to support our event offering, which we hope will continue to increase the demands for our services.

As a result of our continued investment into the RCP's strategy, expenditure increased by 6% from £42.5m in 2016 to £45.5m in 2017. This has been driven mainly by our commitment to improving standards in clinical practice, developing our membership engagement programme both regionally and internationally, and growth of our education and training proposition. IT development to drive efficiency remains a focus and in 2017 we launched a procurement system to support improved purchasing to enhance the value for money we achieve.

We continue to refresh and update our London estate to reflect the future needs of the RCP and opened phase 1 of the RCP North development at the University of Liverpool. Planning on RCP North phase 2 with Liverpool City Council as landlord is well advanced, and will create in 2020 as part of Liverpool's Knowledge Quarter an impressive hub to engage members and fellows in the North.

We continue to sharpen our commercial and business development focus and hope to grow a number of our income streams. We have also set up a new fundraising directorate for the RCP and hope to leverage the opportunity of our 500th anniversary in 2018 and support the funding of the RCP North initiative. This investment programme, in line with strategy, is linked to future growth and strengthening of the RCP brand.

## **Investments**

As at 31 December 2017 our investments stood at £49.5m, a 5% increase in value from 2016 year-end, driven mainly by solid international stock markets as continued global economic growth supported increased valuations. During the year on the advice of our Investment Advisory Panel we moved 10% of the equity portfolio into cash deposits as markets reached unprecedented historic high valuations, in order to secure the gains and de-risk the RCP's position.

The objectives of our investment strategy are to achieve long-term growth at an acceptable level of risk while maintaining the value of the investment portfolios in real terms, and to generate income as required for the RCP's work. Our investment managers Cazenove and Ruffer, together with the guidance and scrutiny of our Investment Advisory Panel, have delivered a balanced performance this year. We are continuing to evolve our ethical investment stance, which is aligned to the RCP's charitable objectives.

## **Pensions**

As at the end of 2017, the deficit of the defined benefit pension scheme, which has been closed to new members since 2002 and to further accrual from 2008, decreased from (£7.279) million to (£5.914) million on an FRS 102 basis. This decrease was primarily due to the impact of the RCP's pension deficit reduction plan paying £1 million into the scheme in the year, a positive investment environment and changes within the actuarial assumptions on the scheme. The RCP has demonstrated its commitment to the scheme by further cash contributions to £1 million per year over the next 4 years. The next triennial actuarial review of the scheme position as at 1 January 2018 is now under way.

In November, the RCP opened up a new Group Personal Pension Plan (GPPP) scheme for new staff joiners, which is now the default auto-enrolment pension scheme going forwards. This GPPP scheme is 'lighter touch' from a governance point of view, and more sustainable financially over time than the single employer trust-based defined contribution pension scheme that it replaced (which will continue to run for existing staff).

## **Balance sheet and reserves**

The RCP continues to have a strong balance sheet, with net assets of £50 million of which £49 million is the market value of our investment portfolio (which is highly tradeable and liquid) and £3.0 million in cash. Endowment and restricted funds comprise £13.8 million, therefore unrestricted funds comprise £36 million of which general reserves (net of the long-term defined benefit pension deficit) have fallen slightly to £15.6 million, equivalent to 5 months' unrestricted expenditure.

## **Future financial plans**

The trustees and I remain vigilant in seeking to protect the assets that we hold on behalf of fellows, and to use the resources available to fulfil the RCP's objectives and promote its work in the most efficient way possible. Our reserves policy is to maintain the level of general reserves at or above 5 months of unrestricted operational expenditure.

Our future financial plans indicate that the RCP's financial position remains strong, and following a zero-based budgeting exercise aim to return from an operating deficit to a break-even position in the 2018 budget, 2 years ahead of the original 5-year strategic financial plan. This will strengthen the financial position to give the RCP headroom to make a significant investment in the fit-out of RCP North phase 2, and the transition of around half of our 440 staff roles to there from 2021. Our planning and risk management processes should help us to identify any significant challenges at an early stage, and we have recently appointed haysmacintyre as an outsourced internal audit function (reporting to the Audit and Risk Committee) to help the RCP challenge and improve its internal processes and controls.

We continue to increase our investment in the RCP, through the development of our staff knowledge and skills, the estate in the north and the south, IT and continued support to our members, while diversifying our income streams for long-term sustainability.

**With thanks**

As ever, I am extremely grateful for the help and support that I have received in my role, from so many who have given generously of their time to help carry the work of the RCP forward.

I owe a particular debt of gratitude to our independent pro-bono external advisers, who give unfailingly of their time and expertise to advise and support the infrastructure and financial activities of the RCP. I should also particularly like to thank: all the staff of the RCP Finance Department for their unfailing help and advice; the members of the Finance and Resources Board for their assistance in overseeing and monitoring the RCP's finances, developments of our IT facilities, and our estates strategy; the members of the Investment Advisory Panel for their work in monitoring the implementation of our investment strategy and the performance of the investment managers; and the newly formed Audit and Risk Committee for their assistance in reviewing and providing assurances on the RCP's governance and controls.



**Professor Chuka Nwokolo**

Treasurer

20 June 2018

# Independent auditor's report to the trustees of the RCP

## Opinion

We have audited the financial statements of the Royal College of Physicians for the year ended 31 December 2017 which comprise consolidated statement of financial activities, the parent and consolidated balance sheets, the consolidated cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2017 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.

## Basis for opinion

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

## Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based

on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

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

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 33, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



#### **Crowe Clark Whitehill LLP**

Statutory auditor

London

**22 June 2018**

Crowe Clark Whitehill LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## Consolidated statement of financial activities for the year ended 31 December 2017

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds	
		£000	£000	£000	31 Dec 2017	31 Dec 2016
					<b>£000</b>	<b>£000</b>
<b>Incoming resources</b>						
Donations and legacies		84	67		151	68
<b>Income from charitable activities</b>						
Supporting physicians	2	7,359	511		7,870	7,233
Influencing the healthcare agenda	3	30	73		103	224
Education and training	4	15,573	1,390		16,963	16,776
Improving standards in clinical practice	5	3,070	6,839		9,909	9,236
Meetings and events (medical)		3,578			3,578	3,968
<b>Activities to generate funds</b>						
Investment income	6	838	37	340	1,215	1,275
Meetings and events (non-medical) – trading income	21	1,890			1,890	1,858
Other income		80			80	73
<b>Total income</b>		<b>32,502</b>	<b>8,917</b>	<b>340</b>	<b>41,759</b>	<b>40,711</b>
<b>Resources expended</b>						
<b>Expenditure on raising funds</b>						
Fundraising and publicity costs		512			512	206
Investment management fees		129			129	120
Meetings and events (non-medical)		1,187			1,187	1,170
		<b>1,828</b>			<b>1,828</b>	<b>1,496</b>
<b>Expenditure on charitable activities</b>						
Supporting physicians	7	6,465	583		7,048	6,761
Influencing the healthcare agenda	8	2,317	109		2,426	1,968
Education and training	9	14,029	1,304		15,333	14,602
Improving standards in clinical practice	10	5,337	7,481		12,818	12,530
Meetings and events (medical)		5,115			5,115	4,839
Trusts and Fellowships			333	556	889	294
<b>Total expenditure</b>	11	<b>35,091</b>	<b>9,810</b>	<b>556</b>	<b>45,457</b>	<b>42,490</b>
<b>Net operating loss</b>		<b>(2,589)</b>	<b>(893)</b>	<b>(216)</b>	<b>(3,698)</b>	<b>(1,779)</b>
Net gains on investment assets		1,529	52	533	2,114	5,597
<b>Net (expenditure)/income</b>		<b>(1,060)</b>	<b>(841)</b>	<b>317</b>	<b>(1,584)</b>	<b>3,818</b>
Transfers between funds	18/19		27	(27)	-	-
Actuarial gains/(losses) on defined benefit pension scheme	22	582			582	(2,884)
<b>Net movement in funds for the year</b>		<b>(478)</b>	<b>(814)</b>	<b>290</b>	<b>(1,002)</b>	<b>934</b>
Funds brought forward at 1 Jan 2017	17/18/19	36,461	4,618	9,768	50,847	49,913
<b>Funds carried forward at 31 December 2017</b>		<b>35,983</b>	<b>3,804</b>	<b>10,058</b>	<b>49,845</b>	<b>50,847</b>

The notes on pages 44 to 61 form part of these financial statements. All of the above relate to the continuing activities of the group. There are no recognised gains and losses other than those shown above.



## Consolidated and RCP balance sheets as at 31 December 2017

	Notes	2017		2016	
		Group	RCP	Group	RCP
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	13a	2,717	2,717	2,298	2,298
Tangible fixed assets	13b	11,771	11,771	10,563	10,563
Investments	14	49,497	49,497	47,180	47,180
		<b>63,985</b>	<b>63,985</b>	<b>60,041</b>	<b>60,041</b>
<b>Current assets</b>					
Stocks		163	163	154	154
Debtors	15	3,903	3,793	4,081	4,859
<b>Balance at bank:</b>					
Investment accounts		676	676	4,035	3,431
Cash		2,370	2,327	2,626	2,082
		<b>7,112</b>	<b>6,959</b>	<b>10,896</b>	<b>10,526</b>
<b>Creditors</b>					
<b>Amounts falling due within 1 year</b>					
Creditors and accrued expenses	16	(9,558)	(10,108)	(8,373)	(8,003)
Examination and other income received in advance	16	(5,780)	(5,780)	(4,366)	(4,366)
		<b>(15,338)</b>	<b>(15,888)</b>	<b>(12,739)</b>	<b>(12,369)</b>
<b>Net current liabilities</b>					
		(8,226)	(8,929)	(1,843)	(1,843)
<b>Provisions for liabilities and charges</b>					
		0	0	(72)	(72)
<b>Net assets excluding pension liability</b>					
		<b>55,759</b>	<b>55,056</b>	<b>58,126</b>	<b>58,126</b>
<b>Defined benefit pension scheme liability</b>					
	22	(5,914)	(5,914)	(7,279)	(7,279)
<b>Net assets including pension liability</b>					
	20	<b>49,845</b>	<b>49,142</b>	<b>50,847</b>	<b>50,847</b>
<b>Represented by</b>					
<b>Unrestricted funds:</b>					
<b>Designated funds</b>					
	17				
Leasehold Replacement Fund		4,483	4,483	4,274	4,274
Fixed and Intangible Assets Fund		14,488	14,488	12,861	12,861
Legacies Development Fund		1,297	1,297	1,545	1,545
Clinical Standards		160	160	491	491
		<b>20,428</b>	<b>20,428</b>	<b>19,171</b>	<b>19,171</b>
<b>General charitable fund</b>					
		21,469	20,766	22,530	24,569
Less: Pension scheme liabilities	22	(5,914)	(5,914)	(7,279)	(7,279)
		<b>15,555</b>	<b>14,852</b>	<b>17,290</b>	<b>17,290</b>
<b>Total unrestricted</b>					
		35,983	35,280	36,461	36,461
<b>Restricted</b>					
	18	3,804	3,804	4,618	4,618
<b>Endowment</b>					
	19	10,058	10,058	9,768	9,768
		<b>49,845</b>	<b>49,142</b>	<b>50,847</b>	<b>50,847</b>

The results of the parent charity for the year ended 31 December 2017 was a deficit of (£2,287k) (2016: £3,130k).

Approved for and on behalf of the RCP (Charity Registration No. 210508) on 20 June 2018 and authorised for issue.

**President:** Professor Dame Jane Dacre  **Treasurer:** Professor Chuka Nwokolo 

## Consolidated statement of cash flow for the year ended 31 December 2017

		2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	A	(1,545)	(404)
Dividends, interest and rents from investments		1,215	1,275
Purchase of property, plant and equipment		(2,098)	(977)
Purchase of intangible assets		(984)	(433)
Proceeds from sale of investments		100	568
Purchase of investments		(303)	(704)
<b>Net cash provided by (used in) investing activities</b>		<b>(2,070)</b>	<b>(271)</b>
Change in cash and cash equivalents in the reporting period		(3,615)	(675)
Cash and cash equivalents at the beginning of the reporting period	B	6,661	7,336
Change in cash and cash equivalents due to exchange rate movements			-
<b>Cash and cash equivalents at the end of the reporting period</b>	B	<b>3,046</b>	<b>6,661</b>

## Notes to consolidated statement of cash flow for the year ended 31 December 2017

	2017 £000	2016 £000
<b>A. Reconciliation of net income/(expenditure) to net cash flow from operating activities</b>		
Net movement in funds for the reporting period (as per the statement of financial activities)	(1,584)	3,818
<b>Adjustments for:</b>		
Depreciation charges	891	806
Amortisation charges	565	482
Gains on investments	(2,114)	(5,597)
Dividends, interest and rents from investments	(1,215)	(1,275)
(Gain) on valuation of defined benefit pension scheme	(856)	(660)
(Increase)/Decrease in stocks	(9)	7
Decrease in debtors	178	1,074
Increase in creditors	2,599	941
<b>Net cash provided by/(used in) operating activities</b>	<b>(1,545)</b>	<b>(404)</b>
<b>B. Analysis of cash and cash equivalents</b>		
Cash in hand	2,370	2,626
Notice deposits and investment accounts (less than 30 days)	676	4,035
<b>Total cash and cash equivalents</b>	<b>3,046</b>	<b>6,661</b>

## Notes to the financial statements for the year ended 31 December 2017

### 1 Accounting policies

#### Charity information

The Royal College of Physicians (RCP) was established by royal charter in 1518. It is registered with the Charity Commission for England and Wales. The charity registration number is 210508. RCP is a Public Benefit Entity and its registered office is 11 St Andrews Place, London NW1 4LE.

#### Basis of preparation

The consolidated financial statements comprise the financial statements of RCP, and its subsidiary undertaking, RCP Regent's Park Limited, on a line by line basis and adjusted for the elimination of inter-group transactions and balances.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

The functional currency of RCP and its subsidiary entity is considered to be GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in GBP.

RCP constitutes a public benefit entity as defined by FRS 102.

The financial statements are drawn up on the historical accounting basis, except that investments held as fixed assets are carried at market value.

#### Going concern

After making enquiries, the trustees consider that the RCP has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the report of trustees on page 31.

#### Income

Subscriptions income, admission fees, grants and donations are accounted for once there is entitlement, probability of receipt and can be reliably measured. Legacies are accounted for when there is adequate probability over entitlement, amount and receipt. Investment income is recognised when due except for dividends which are accounted for on receipt. Income is deferred only when conditions have to be fulfilled before RCP becomes entitled to it or where the donor has specified that the income is to be expended in the future period. In the case of membership subscriptions and examination admissions any receipt in respect of future years is shown as deferred income.

#### Expenditure

All expenditure is accounted for under the accruals concept and stated gross of irrecoverable VAT. All costs are allocated to the charitable cost centres on an actual basis, with the exception of administration costs which are allocated on the following basis:

- secretariat and finance: proportion of total time spent
- human resources: number of staff in the cost centres
- buildings and office services: square footage of office space occupied.

Salaries are allocated according to the nature of work performed by each member of staff.

Governance costs comprise the costs incurred, which are directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

Rentals for leased assets held under the terms of operating leases are charged directly to the statement of financial activities (SOFA) over the term of the lease.

### **Tangible and intangible fixed assets**

No 11 St Andrews Place, a leasehold property held under a 99-year lease expiring in 2060 and Nos 1–10 St Andrews Place, leasehold properties held under a lease that expires in 2084, are being depreciated over 49 years from the commencement of the respective leases. The cost of additions to existing structures has been depreciated, concurrently, over the remaining life of the leases. Equipment, intangible assets, furniture and fixtures are capitalised when the cost of the project exceeds £15,000 and has a useful life spread over a number of financial years. These capital costs are depreciated and intangible assets amortised by equal instalments over their anticipated useful lives, at rates between 5% and 25%. Depreciation and amortisation is allocated to the departments within the RCP on the basis of area occupied. No depreciation or amortisation is charged in the year of purchase or acquisition, or on assets in the course of construction.

Costs that have been capitalised for RCP North phase 1 are being depreciated over the life of the lease, currently 3 years.

### **Collections**

In addition to the capitalised fixed assets held for the RCP's own use, the RCP also has a number of assets of historical interest. These comprise learned publications and a unique collection of busts and portraits, together with other objects, whose intrinsic value is also bound up with the RCP's history. The trustees consider that the significant administrative expenses incurred in deriving a reliable cost for the capitalisation of these items would exceed the usefulness of such information to the user of the financial statements.

### **Investments**

Investments are stated in the balance sheet at the mid-market value at the balance sheet date. Realised gains or losses are calculated by reference to disposal proceeds and either opening market value or cost if acquired during the year.

### **Stock**

Stock is valued at the lower of cost and net realisable value.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand, cash held for reinvestment and short term deposits.

### **Pensions**

The RCP has three pension schemes, one providing defined benefits based on final salary, the other two providing benefits based on defined contributions invested with Standard Life. The pension costs for the defined contribution scheme are charged to the statement of financial activities as they become payable in accordance with FRS 102. The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary.

The defined benefit pension scheme current service costs and the net of the scheme interest cost and the expected return on the scheme assets for the year are charged to the statement of financial activities within superannuation costs. Actuarial gains and losses are recognised within other recognised gains and losses.

The defined benefit pension scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

### **Taxation**

The RCP is eligible for the tax exemptions available for charitable activities.

### **Unrestricted funds**

These funds are received and applied to achieve the general objectives of the RCP.

### **Designated funds**

Designated funds are unrestricted funds set aside by the trustees for specific future purposes or projects. The movements on these funds are analysed in note 17.

### **Restricted funds**

Restricted funds are subject to specific conditions laid down by the donors as to how they may be used. Note 18 gives details of these funds.

### **Endowment funds**

Endowment funds relate to bequests and gifts to the RCP, the terms of which stipulate that the capital may not be spent, and the income is to be utilised to meet the costs of awards, lectures and other RCP expenditure. Movements in these funds are shown in note 19.

### **Total return accounting**

The trustees of the RCP applied to the Charity Commission in January 2012 for authorisation to enable the permanent endowments within the RCP trust funds to be invested on a total return basis as this would facilitate a better return on investments, without prejudicing the investment management policy.

Upon receiving the requisite order from the Charity Commission on 6 February 2012 the RCP trust fund committee approved the base date for the commencement of the total return investment policy to be 30 September 1988. The permanent endowments in note 19 of the financial statements have been recalculated as at the above date.

### **Critical accounting judgements and key sources of estimation uncertainty**

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – the charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 22.

### **Financial instruments**

Financial assets and financial liabilities are recognised when the RCP becomes a party to the contractual provisions of the instrument. Additionally all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, short-term investments together with accrued interest and other debtors. Financial liabilities held at amortised costs comprise other creditors and accruals.

### **Operating leases**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## Notes to the financial statements continued

## Incoming resources

	Unrestricted	Restricted/ endowment	2017	2016
	£000	£000	£000	£000
<b>2 Supporting physicians</b>				
President's office				-
Membership	5,265	215	5,480	4,961
Professional affairs	17		17	142
Publications	1,302		1,302	1,279
UK Regional offices	384		384	327
International	391	296	687	524
	<b>7,359</b>	<b>511</b>	<b>7,870</b>	<b>7,233</b>
<b>3 Influencing the healthcare agenda</b>				
External communications	17	60	77	156
Medical Workforce Unit	13	13	26	68
	<b>30</b>	<b>73</b>	<b>103</b>	<b>224</b>
<b>4 Education and training</b>				
Education and conferences	2,415	164	2,579	2,486
MRCP(UK) examinations	11,189		11,189	10,717
Physicians Training Board	1,720		1,720	1,987
Information Centre	17		17	152
Continuing professional development	232		232	215
Faculty of Medical Leadership and Management		1,226	1,226	1,219
	<b>15,573</b>	<b>1,390</b>	<b>16,963</b>	<b>16,776</b>
<b>5 Improving standards in clinical practice</b>				
National Guideline Centre	25	3,393	3,418	3,476
Clinical Standards	2,950	3,446	6,396	5,601
Invited Service Reviews	95		95	159
	<b>3,070</b>	<b>6,839</b>	<b>9,909</b>	<b>9,236</b>
<b>6 Investment income</b>				
Dividends	251	74	325	314
Interest on investments	575	303	878	718
Interest on deposits	12		12	18
	<b>838</b>	<b>377</b>	<b>1,215</b>	<b>1,275</b>

Income includes £256k endowment income.

## Notes to the financial statements continued

## Resources expended

	Unrestricted	Restricted/ Endowment	2017	2016
	£000	£000	£000	£000
<b>7 Supporting physicians</b>				
President's office	155		155	136
Membership	1,444	401	1,845	1,370
Professional affairs	1,002	11	1,013	1,469
Publications	1,818		1,818	1,761
UK regional offices	1,026		1,026	859
International	1,020	171	1,191	1,166
	<b>6,465</b>	<b>583</b>	<b>7,048</b>	<b>6,761</b>
<b>8 Influencing the healthcare agenda</b>				
Committees	343		343	122
External communications	1,702	76	1,778	1,558
Medical Workforce Unit	272	33	305	288
Europe				-
	<b>2,317</b>	<b>109</b>	<b>2,426</b>	<b>1,968</b>
<b>9 Education and training</b>				
Education and conferences	3,345	83	3,428	3,123
MRCP(UK) Examinations	7,694		7,694	7,163
Physicians Training Board	1,418		1,418	1,617
Information Centre	1,417	4	1,421	1,313
Continuing professional development	155		155	176
Faculty of Medical Leadership and Management		1,217	1,217	1,210
	<b>14,029</b>	<b>1,304</b>	<b>15,333</b>	<b>14,602</b>
<b>10 Improving standards in clinical practice</b>				
National Guideline Centre	885	3,393	4,278	4,717
Clinical Standards	4,298	4,088	8,386	7,757
Invited Service Reviews	154		154	56
	<b>5,337</b>	<b>7,481</b>	<b>12,818</b>	<b>12,530</b>



## Notes to the financial statements continued

11 Total resources expended	Direct costs	Staff costs	Other support costs	Total 2017	Total 2016
	£000	£000	£000	£000	£000
<b>Cost of generating funds</b>					
Fundraising and publicity costs	286	226		512	206
Investment management fees	129			129	120
Meetings and events (non-medical)	1,187			1,187	1,170
<b>Charitable expenditure</b>					
Supporting physicians	1,794	2,922	2,332	7,048	6,761
Influencing the healthcare agenda	667	1,619	140	2,426	1,968
Education and training	4,505	6,409	4,419	15,333	14,602
Improving standards in clinical practice	3,052	6,396	3,370	12,818	12,530
Meetings and events (medical)	2,521	813	1,781	5,115	4,839
Trusts and Fellowships	889			889	294
<b>Total for 2017</b>	<b>15,030</b>	<b>18,385</b>	<b>12,042</b>	<b>45,457</b>	<b>42,490</b>
<b>Total for 2016</b>	12,683	17,721	12,086	42,490	
				<b>2017</b>	<b>2016</b>
The analysis of other support costs is as follows:				<b>£000</b>	<b>£000</b>
Administrative overheads				1,455	1,249
Information technology costs				2,138	2,072
Building overheads				3,061	2,980
Travel, meetings, subscriptions and journals				1,083	1,064
Governance costs				82	102
Other costs, including staff costs of central services				4,223	4,619
				<b>12,042</b>	<b>12,086</b>

Governance costs include fees payable to the auditors for audit fees of £40k (2016: £39k) and non-audit services of £10k (2016: £6k).

## Notes to the financial statements continued

<b>12 Employees and trustees</b>	<b>2017</b>	<b>2016</b>
The average number of employees in the year was:	432	418
The number of employees whose emoluments exceeded £60,000 were:		
£60,001– £70,000	13	6
£70,001– £80,000	5	5
£80,001– £90,000	2	2
£90,001– £100,000	4	4
£100,001–£110,000	2	1
£110,001– £120,000	1	1
£130,001– £140,000	0	1
£140,001– £150,000	1	-
	<b>2017</b>	<b>2016</b>
The total costs of salaries and wages were as follows:	<b>£000</b>	<b>£000</b>
Salaries and wages	15,290	14,842
Social security costs	1,635	1,488
Pension costs	1,460	1,391
	<b>18,385</b>	<b>17,721</b>

The total aggregated amount of employee benefits (including pension contributions) received by the key management personnel during the year was £1,385k (2016: £2,101k). 26 (2016: 19) of the above employees are members of the defined contribution pension scheme and 4 (2016: 4) of the above employees are members of the defined benefit pension scheme, which is now closed. Contributions paid into the defined contribution pension scheme for the employees for the year was £127k (2016: £211k).

During the year termination payments totalling £22k were paid to 3 employees, who left employment with the RCP in 2017.

Payments made to trustees were as follows: travel expenses totalling £29k (2016: £26k) were paid to 12 trustees (2016: 10).

No other remuneration was paid to trustees from the RCP in the current or preceding years.

## Notes to the financial statements continued

13a Intangible assets (Group and RCP)	Membership module	KISS Project	Assets in the course of construction	Total 2017
		£000	£000	£000
Cost at 1 January 2017	402	2,007	451	2,860
Additions		457	527	984
Transfers		556	(556)	
<b>Cost at 31 December 2017</b>	<b>402</b>	<b>3,020</b>	<b>422</b>	<b>3,844</b>
Accumulated depreciation at 1 January 2017	(161)	(401)		(562)
Amortisation charge for the year	(80)	(485)		(565)
<b>Accumulated depreciation at 31 December 2017</b>	<b>(241)</b>	<b>(886)</b>		<b>(1,127)</b>
<b>Net book value at 31 December 2017</b>	<b>161</b>	<b>2,134</b>	<b>422</b>	<b>2,717</b>
Net book value at 31 December 2016	241	1,606	451	2,298

13b Tangible fixed assets (Group and RCP)	Leasehold properties	Furniture and equipment	Total 2017
	£000	£000	£000
Cost at 1 January 2017	20,544	2,063	22,607
Additions	1,765	333	2,098
Transfers	(1,095)	(21)	(1,116)
<b>Cost at 31 December 2017</b>	<b>21,214</b>	<b>2,375</b>	<b>23,589</b>
Accumulated depreciation at 1 January 2017	(11,057)	(986)	(12,043)
Depreciation for the year	(642)	(249)	(891)
Transfers	1,095	21	1,116
<b>Accumulated depreciation at 31 December 2017</b>	<b>(10,604)</b>	<b>(1,214)</b>	<b>(11,818)</b>
<b>Net book value at 31 December 2017</b>	<b>10,610</b>	<b>1,161</b>	<b>11,771</b>
Net book value at 31 December 2016	9,487	1,076	10,563

14 Investments (Group and RCP)	----Unrestricted----				Total	
	Designated for Leasehold	General	Restricted	Endowment	2017	2016
	£000	£000	£000	£000	£000	£000
<b>Market value at 1 January 2017</b>	4,274	32,506	1,792	8,608	47,180	41,447
Additions at cost	193		20	90	303	704
Disposals		(100)			(100)	(568)
Gains	16	1,513	52	533	2,114	5,597
<b>Total investments at 31 December 2017</b>	<b>4,483</b>	<b>33,919</b>	<b>1,864</b>	<b>9,231</b>	<b>49,497</b>	<b>47,180</b>
Historical cost as at 31 December 2017	3,493	23,983	774	6,524	34,774	35,015
<b>The above investments are held as follows:</b>					<b>2017</b>	<b>2016</b>
					<b>£000</b>	<b>£000</b>
Listed on UK stock exchange					37,233	26,054

## Notes to the financial statements continued

15 Debtors (Group and RCP)	2017		2016	
	Group	RCP	Group	RCP
	£000	£000	£000	£000
Trade debtors	2,548	2,438	2,414	2,321
Other debtors	214	214	536	536
Prepayments	866	866	410	410
Accrued income	275	275	721	721
Amounts due from subsidiary undertaking				871
	<b>3,904</b>	<b>3,793</b>	<b>4,081</b>	<b>4,859</b>

16 Creditors and accrued expenses (Group and RCP)	2017		2016	
	Group	RCP	Group	RCP
	£000	£000	£000	£000
Trade creditors	3,585	3,223	3,054	2,684
Other creditors	1,729	1,729	1,526	1,526
Tax and social security creditors	269	269	233	233
Accruals	3,975	3,970	3,560	3,560
Amount due to subsidiary undertaking		917		
	<b>9,558</b>	<b>10,108</b>	<b>8,373</b>	<b>8,003</b>
<b>Examination and other income received in advance (Group and RCP)</b>	<b>Balance b/f 1 Jan 2017</b>	<b>Released to SOFA</b>	<b>Received in year</b>	<b>Balance c/f 31 Dec 2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Examination income	4,060	4,060	4,285	4,285
Other income	306	306	1,495	1,495
	<b>4,366</b>	<b>4,366</b>	<b>5,780</b>	<b>5,780</b>

Financial assets and liabilities	2017	2016
	£000	(As restated) £000
Financial assets measured at amortised cost	6,084	10,331
Financial assets held at fair value	49,497	47,180
Financial liabilities measured at amortised cost	(5,314)	(4,580)
Gains, losses, income and expenditure on assets held at fair value	3,329	6,872

## Notes to the financial statements continued

17 Unrestricted funds	-----Designated-----				Unrestricted General	Total
	Leasehold replacement fund	Fixed and intangible assets fund	Legacies development fund	Clinical standards		
	£000	£000	£000	£000	£000	£000
Net incoming resources for the year before transfers and gains					(2,589)	(2,589)
<b>Leasehold replacement fund</b>						
Transfers from general funds and additions to portfolio	193				(193)	
<b>Clinical standards</b>						
Transfers to general funds				(331)	331	
<b>Fixed and intangible assets fund</b>						
Projects capitalised this year		3,083			(3,083)	
Amortisation of intangible assets		(891)			891	
Depreciation of assets		(565)			565	
<b>Legacies development fund</b>						
Expenditure for the year			(248)		248	
Net incoming / (outgoing) resources for the year after transfers	193	1,627	(248)	(331)	(3,830)	(2,589)
<b>Gains on investments</b>	16				1,513	1,529
<b>Actuarial gains on defined benefit scheme</b>					582	582
Net movement in funds	<b>209</b>	<b>1,627</b>	<b>(248)</b>	<b>(331)</b>	<b>(1,735)</b>	<b>(478)</b>
<b>Brought forward as at 1 January 2017</b>	4,274	12,861	1,545	491	17,290	36,461
Carried forward as at 31 December 2017	<b>4,483</b>	<b>14,488</b>	<b>1,297</b>	<b>160</b>	<b>15,555</b>	<b>35,983</b>

Leasehold replacement fund – this represents funds earmarked and invested separately by the RCP as security against the declining value of leases and £208k being part of a legacy received in 2001 and 2002 and designated by the trustees to this fund. A further £70k is being transferred from general funds annually.

Fixed and intangible assets fund – this represents the net book value of the RCP's fixed and intangible assets.

Legacies development fund – no unrestricted legacy was received in the year (2016: £39k).

Clinical standards – funds remaining on completed projects have been designated with the aim of expanding the work carried out by this department. It is expected that these funds will be used within the next year.

**Clinical standards transfers relate to:**

Surplus funds made in respect to closed projects, which have been transferred to the RCP's general funds for future use. An additional transfer was made from general funds to cover deficit projects held within restricted funds.

## Notes to the financial statements continued

18 Restricted funds	Balance at 01/01/2017	Income and net gains	Expenses	Transfers	Balance at 31/12/2017
	£000	£000	£000	£000	£000
Clinical standards	2,011	3,446	(4,088)	-	1,369
Education	410	164	(87)	(234)	253
National Guideline Centre		3,393	(3,393)	-	-
Faculty of Medical Leadership and Management	778	1,226	(1,217)	-	787
Membership Support and Global Engagement	174	524	(616)	234	316
Fundraising donations	35	67		-	102
External communications	43	60	(76)	-	27
Dr Everley-Jones legacy	574	51	(322)	-	303
Harold Thomas Barten Trust	91	8	(2)	-	97
Frank Peacock Bequest	55	5	(1)	-	59
Catherine Mills Bequest	61	5	(2)	-	64
Queenie Louisa Higgins Bequest	39	4			43
The Cotton Trust	84	6	-	4	94
The London Fever Hospital Fund	7	-	-	4	11
The Saltwell Will Trust Research Branch	59	-	-	14	73
Will Edmunds Clinical Research Trusts	9	-	-	5	14
13 other funds balances below £40,000	188	10	(6)	-	192
<b>Total</b>	<b>4,618</b>	<b>8,969</b>	<b>(9,810)</b>	<b>27</b>	<b>3,804</b>

Funds with closing balances over £100k are as follows:

The grants for Clinical Standards, Education, National Guideline Centre, Professional Affairs and International are received in respect for specific projects.

Faculty of Medical Leadership and Management income and expenditure are restricted for the anticipated transfer to a separate legal entity in the future.

The Dr Everley-Jones legacy was received from the estate of Dr Everley-Jones, to be used in the field of communication in medicine in its broadest sense, encompassing all aspects of information technology.

The transfer of £234k from Education relates to the balance of the Specialty Recruitment Office (SRO) grant received from Health Education England. The SRO is now part of Membership Support and Global Engagement.

## Notes to the financial statements continued

19	Endowment funds	Unapplied total return 01/01/2017	Income and gains	Conversion to income	Transfer	Unapplied total return 31/12/2017	'Frozen' permanent capital	Total endowment
		£000	£000	£000		£000	£000	£000
	Bradshaw Trust	216	33	(30)		219	143	362
	Eden Fellowship in Paediatrics	933	97	(17)		1,013	142	1,155
	John Rosser Scholarship	19	5	(1)		23	42	65
	Joseph Senior White Trust	16	64	(1)		79	161	240
	Lewis Thomas Gibbon Jenkins-Briton Ferry	1,002	202	(109)		1,095	1,250	2,345
	ORL Wison Bequest	83	12	(2)		93	44	137
	James Maxwell Grant Prophit Bequest	398	84	(98)		384	539	923
	Sadleir Trust	295	34	(9)		320	91	411
	Samuel Leonard Simpson Fellowship	502	69	(20)		551	280	831
	T K Stubbins bequest	44	13	(3)		54	104	158
	Watson Smith Trust	548	100	(198)		450	470	920
	William Withering Prize	107	14	(1)		120	38	158
	Dr J D Ramsay Scholarship	34	6			40	30	70
	Graham Bull Prize	39	6			45	25	70
	Sir Michael Perrin Lecture	63	7	(3)		67	12	79
	Lady Teale Lecture	74	12	(1)		85	44	129
	Dr Samuel Gee's Endowment Fund	61	8	(49)		20	26	46
	John Glyn	74	14	(4)		84	80	164
	Dame Sheila Kift Bequest	24	7	(2)		29	38	67
	16 other funds with balances							
	below £40,000	133	8	(8)		133	83	216
	<b>Subtotal</b>	<b>4,665</b>	<b>795</b>	<b>(556)</b>		<b>4,904</b>	<b>3,642</b>	<b>8,546</b>

Funds not included in total return	Balance at 01/01/2017	Income and net gains	Conversion to income	Transfers	Unapplied total return 31/12/2017	'Frozen' permanent capital	Balance at 31/12/2017
	£000	£000		£000			£000
Thomas Cotton Fund	140	4		(4)			140
The London Fever Hospital Research Fund	139	13		(4)			148
Saltwell Will Trust Research Branch	778	42		(14)			806
Will Edmunds Clinical Research Fund	404	19		(5)			418
<b>Subtotal</b>	<b>1,461</b>	<b>78</b>		<b>(27)</b>			<b>1,512</b>
<b>Total endowment</b>	<b>6,126</b>	<b>873</b>		<b>(27)</b>		<b>4,904</b>	<b>10,058</b>

RCP received a total return order from the Charity Commission, dated 6 February 2012, which enables the trustees to decide which part of the unapplied total return from the investment of the charity's permanent endowments should be held on trust for application for the purposes of the charity.

## Notes to the financial statements continued

Funds with closing balances over £300k are as follows:

- The Bradshaw Trust was founded by a bequest from Mrs Sally Hall Bradshaw by her will of 1875, in memory of her husband Dr William Wood Bradshaw MRCP FRCS (1800–66): £1,000 to endow an annual lecture on a subject connected with medicine or surgery. The lecturer is appointed by the president: the honorarium is £20.
- The Eden Fellowship in Paediatrics was established in 1947 from the estate of Dr Thomas Watts Eden, to establish and maintain travelling fellowships for the study of childhood in health and disease.
- The Lewis Thomas Gibbon Jenkins of Briton Ferry Memorial Trust was received by the RCP in November 1998 from the executors of Mrs Nancy Crawshaw's will. The capital is to remain intact for a minimum of 21 years after her death. The income is to be applied for the promotion of medical research connected with a physical disorder prevalent in Wales.
- The James Maxwell Grant Prophit Trust was received in November 1998. The endowment is an addition to the Prophit Bequest and as with the original bequest the fund is to be devoted to the promotion and furthering of research work concerning the nature, causes, prevention, treatment and cure of tuberculosis.
- The Samuel Leonard Simpson Fellowship was founded in 1984 by a gift of shares/stocks from Mrs HM Simpson in memory of her husband Dr Samuel Leonard Simpson FRCP (1900–1983) for a travelling scholarship in endocrinology.
- The Watson Smith Trust was a bequest from Dr Sydney Watson Smith FRCP in memory of his wife and himself, to endow an annual lecture and medical research fellowship.
- The Sadleir Trust was established by a bequest from Lady Sadleir, wife of Sir Edwin Sadleir Bt and widow of Dr William Croone (1633–84), fellow of the RCP, to provide for the two annual lectures Dr Croone had planned, but for which he had made no endowment: one to be read before the Royal College of Physicians by a Fellow of the College, with a sermon to be preached at St Mary-le-Bow; the other on the nature and laws of muscular motion to be delivered before the Royal Society.
- The Cotton Trust was founded by a bequest from Dr Thomas Forrest Cotton FRCP (1884–1965), in memory of Sir William Osler Bt FRCP FRS (1849–1919). The legacy, received in 1968, is invested and managed by the trustees of The Royal Trust Corporation of Canada/The Royal Trust Company, and the income is paid to RCP.
- The London Fever Hospital Research Fund was established in 1947 for the trustees in the encouragement of or reward for advances in the prevention, treatment and housing of infectious diseases.
- Saltwell Will Trust Research Branch was established for the income generated to be used to aid research work in connection with and the cure and prevention of cancer, rheumatism, malaria and morbid conditions of the prostate gland.
- Will Edmunds Clinical Research Fund was established in 1925 to award a fellowship in clinical research in hospitals in the Metropolitan area of London. The research must concern diseases usually treated at a general hospital, excluding tropical and rare diseases.



## Notes to the financial statements continued

<b>20 Analysis of group net assets after pension scheme liability</b>						
					<b>Total</b>	
		<b>Intangible and tangible assets</b>	<b>Investments</b>	<b>Net current assets inc. pension liability</b>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Unrestricted:</b>						
<b>Designated</b>	Leasehold Replacement Fund		4,483		4,483	4,274
	Fixed Assets Fund	14,488			14,488	12,861
	Legacies Development Fund			1,297	1,297	1,545
	Clinical Standards			160	160	491
		<b>14,488</b>	<b>4,483</b>	<b>1,457</b>	<b>20,428</b>	<b>19,171</b>
<b>General funds</b>			33,919	(18,364)	15,555	17,290
		<b>14,488</b>	<b>38,402</b>	<b>(16,907)</b>	<b>35,983</b>	<b>36,461</b>
<b>Restricted</b>			1,864	1,940	3,804	4,618
<b>Endowment</b>			9,231	827	10,058	9,768
		<b>14,488</b>	<b>49,497</b>	<b>(14,140)</b>	<b>49,845</b>	<b>50,847</b>

## Notes to the financial statements continued

<b>21 Trading subsidiary – The RCP Regent’s Park Limited</b>		
The trading results and balance sheet of the RCP subsidiary company as extracted from its audited accounts are set out below.		
	<b>2017</b>	<b>2016</b>
<b>Profit and loss account</b>	<b>£000</b>	<b>£000</b>
Turnover	1,890	1,858
Cost of sales	(884)	(929)
<b>Gross profit</b>	<b>1,006</b>	<b>929</b>
Administrative expenses	(303)	(241)
Operating profit	703	688
Gift aid to Royal College of Physicians	-	(688)
<b>Retained profit for the financial year</b>	<b>703</b>	<b>-</b>
Included within operating costs is £336k (2016: £296k), which represents a reimbursement in respect of costs incurred by the RCP.		
	<b>2017</b>	<b>2016</b>
<b>Balance sheet</b>	<b>£000</b>	<b>£000</b>
Debtors	110	93
Debtor – due from RCP	917	-
Balance at bank	42	1,147
Current and total assets	1,069	1,240
Creditors due within 1 year: due to the RCP	-	(868)
other	(366)	(372)
Total creditors	(366)	(1,240)
<b>Net assets</b>	<b>703</b>	<b>£1</b>
<b>Capital and reserves</b>	<b>703</b>	
Called up share capital	£1	£1
<b>Shareholders' funds</b>	<b>703</b>	<b>£1</b>

The RCP’s wholly owned trading subsidiary, The RCP Regent’s Park Limited, was incorporated on 17 September 2001.

The operating profit for the year ended 31 December 2017 of £703k (2016: £688k).

The principal activity of the company is to organise, provide facilities for and hold conferences, seminars, courses of instruction, demonstrations, lectures, exhibitions, private dinners and functions.

## Notes to the financial statements continued

## 22 Pension schemes

Total pension costs charged for the year were £48k (2016: £54k) for the defined benefit pension scheme and employer pension contributions of £1,526k (2016: £1,391k) for the defined contribution pension scheme.

There are two Defined Contribution schemes, the scheme closed to new members in 2017 - contribution rate for this defined contribution scheme is determined by the members' age bands with incremental rates for older members. The new scheme opened for new membership has a flat employer contribution rate of 7%.

The defined benefit pension scheme is closed to new members and closed to future accrual. There is no further salary linkage. For the purposes of FRS 102 the valuation of the defined benefits scheme has been calculated under FRS 102 as at 31 December 2017 by a qualified actuary.

The valuation, details of which are given below, shows £16.7 million of assets and £22.6 million of liabilities. The deficit of £5.9 million represents a decrease of £1.4 million compared with 2016. There is mostly due to actuarial adjustments.

The scheme's assets and liabilities as at 31 December 2017, analysis of pension costs and details of the valuation were as follows:

Principal assumptions	2017	2016	2015	2014	2013
	% per annum	% per annum	% per annum	% per annum	% per annum
Discount rate	2.5	2.7	3.7	3.5	4.6
Aggregate long-term expected rate of return on assets	2.5	2.7	3.7	3.5	6.0
Rate of increase of salaries	n/a	n/a	n/a	n/a	n/a
RPI inflation assumption for pensions in payment	3.2	3.6	3.4	3.3	3.7
CPI inflation assumption for deferred pensions	2.2	2.6	2.4	2.5	2.8
Pension increases	3.1	3.4	3.3	3.3	3.7
Pension commencement lump sum taken at retirement	18.75% of benefit value	18.75% of benefit value	18.75% of benefit value	18.75% of benefit value	18.75% of benefit value

Mortality tables: 90% of S2PXA tables using CMI 2014 projections with a 1.2% long-term rate of improvement based on year of birth.

The assets valued below are in the form of monies invested with Standard Life, Newton Investment Management and Legal and General Investment Management, together with the trustees' bank account. The assets in the scheme and the expected rate of return were:

Assets breakdown	2017	2016
	%	%
Real return and absolute return funds	50.9	52.9
UK Government Index-linked gilts	33.0	34.2
UK Corporate bonds	9.9	10.0
Hedge funds	0.1	0.1
Other	0.0	0.0
Cash	6.1	2.8
<b>Total market value of assets</b>	<b>100</b>	<b>100</b>

The pension scheme has not invested in any of Royal College of Physicians' own financial instruments, nor in properties or other assets used by the Royal College of Physicians. The assets are all quoted in an active market.

## Notes to the financial statements continued

## 22 Pension schemes continued

<b>Movement in deficit during the year</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Pension scheme liability at the beginning of the year	(7,279)	(5,055)
Actuarial losses and gains on present value of obligations	523	(3,817)
Gains/(losses) on return of scheme assets	59	933
	582	(2,884)
Employer contributions	967	831
Net interest on the net defined benefit liability	(184)	(173)
	<b>(5,914)</b>	<b>(7,279)</b>
<b>Reconciliation of the opening and closing balances of scheme liabilities</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Present value of scheme liabilities at beginning of the year	22,962	18,925
Interest cost	614	691
Actuarial (loss)/gain on scheme liability assumption changes	(523)	3,817
Benefits paid	(449)	(471)
Present value of scheme liabilities at the end of the year	<b>22,604</b>	<b>22,962</b>
<b>Reconciliation of the opening and closing balances of the fair value of assets</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Fair value of scheme assets at beginning of the year	15,683	13,870
Interest Income	430	520
Return on scheme assets	59	933
Employer contributions	967	831
Benefits paid	(449)	(471)
Fair value of scheme assets at the end of the year	<b>16,690</b>	<b>15,683</b>
<b>Reconciliation of the present value of scheme liabilities and fair value of assets to the asset and liability recognised in the balance sheet</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Fair value of scheme assets	16,690	15,683
Value of liabilities (defined benefit obligation)	(22,604)	(22,962)
Funded status	(5,914)	(7,279)
Recognised pension scheme liability	<b>(5,914)</b>	<b>(7,279)</b>

<b>Analysis of pension scheme assets and liabilities for the current and previous five financial periods</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Present value of scheme liability	(22,604)	(22,962)	(18,925)	(20,355)	(17,635)	(15,065)
Fair value of scheme assets	16,690	15,683	13,870	13,868	12,710	12,496
Deficit	(5,914)	(7,279)	(5,055)	(6,487)	(4,925)	(2,569)

At the date of the last statutory actuarial assessment as at 1 January 2015, the market value of the scheme was £13.8 million and the actuarial value of those assets represented 74% of the value of the benefits which had accrued at that date, allowing for future pension increases.

## Notes to the financial statements continued

23	Lease obligations	2017	2016
		£000	£000
	Operating leases on Land and Buildings, by expiry date:		
	Under 1 year	229	-
	1 to 2 years	229	-
	2 to 5 years	152	-
	Total future minimum operating lease commitments	<b>610</b>	<b>0</b>
	Operating leases on office equipment and computers, by expiry date:		
	Under 1 year	3	5
	1 to 2 years	3	8
	2 to 5 years	2	-
	Total future minimum operating lease commitments	<b>8</b>	<b>13</b>

In 2017 the RCP has entered into an agreement with the University of Liverpool to lease 15,290 square feet of office space for purposes of holding examinations, conferences, events and as administration office for a period of 3 years, with effect from 1 September 2017. The operating lease commitment on this agreement is £229,350 per annum being rates and service charges.

#### 24 Related party transactions

The Royal College of Physicians, a charity registered (charity number 210508) in England and Wales, is the ultimate controlling parent of its subsidiary undertaking, The RCP Regent's Park Limited, which is consolidated on a line by line basis in these group accounts.

During the year the subsidiary was owed a balance of £214k (2016: £(878)k) by the charity. In addition, the charity charged the subsidiary a total of £336k (2016: £296k) of operating costs, which represents the level of costs incurred by RCP on its behalf.

## 25 Comparative notes from prior year

## a Statement of financial activities 2016

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total funds	
					31 Dec 2016	As restated 31 Dec 2015
		£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations and legacies		68	-	-	68	139
<b>Charitable activities:</b>						
Supporting physicians	2	6,953	280	-	7,233	7,061
Influencing the healthcare agenda	3	51	173	-	224	124
Education and training	4	15,225	1,551	-	16,776	15,920
Improving standards in clinical practice	5	2,106	7,130	-	9,236	10,791
Meetings and events (medical)		3,968	-	-	3,968	3,752
Investment income	6	893	34	348	1,275	1,112
Trading income – Meetings and events (non-medical)	21	1,858	-	-	1,858	1,825
Other income		73	-	-	73	41
<b>Total income</b>		<b>31,195</b>	<b>9,168</b>	<b>348</b>	<b>40,711</b>	<b>40,765</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Fundraising and publicity costs		206	-	-	206	129
Investment management fees		120	-	-	120	159
Meetings and events (non-medical)		1,170	-	-	1,170	931
		<b>1,496</b>	<b>-</b>	<b>-</b>	<b>1,496</b>	<b>1,219</b>
<b>Charitable activities</b>						
Supporting physicians	7	6,397	364	-	6,761	5,598
Influencing the healthcare agenda	8	1,849	119	-	1,968	1,633
Education and training	9	13,066	1,536	-	14,602	14,119
Improving standards in clinical practice	10	4,532	7,998	-	12,530	11,707
Meetings and events (medical)		4,839	-	-	4,839	6,036
Trusts and Fellowships		-	8	286	294	210
		<b>30,683</b>	<b>10,025</b>	<b>286</b>	<b>40,994</b>	<b>39,303</b>
<b>Total expenditure</b>	11	<b>32,179</b>	<b>10,025</b>	<b>286</b>	<b>42,490</b>	<b>40,522</b>
<b>Net operating result</b>		<b>(984)</b>	<b>(857)</b>	<b>62</b>	<b>(1,779)</b>	<b>243</b>
Net gains/(loss) on investment assets		4,358	116	1,123	5,597	(378)
<b>Net (expenditure)/income</b>		<b>3,374</b>	<b>(741)</b>	<b>1,185</b>	<b>3,818</b>	<b>(135)</b>
Transfers between funds	17/18	215	(125)	(90)	-	-
Actuarial gains/(losses) on defined benefit pension scheme	22	(2,884)	-	-	(2,884)	1,165
<b>Net movement in funds for the year</b>		<b>705</b>	<b>(866)</b>	<b>1,095</b>	<b>934</b>	<b>1,030</b>
Funds brought forward at 1 Jan 2016	24	35,756	5,484	8,673	49,913	48,883
<b>Funds carried forward at 31 December 2016</b>		<b>36,461</b>	<b>4,618</b>	<b>9,768</b>	<b>50,847</b>	<b>49,913</b>

**b Restricted funds 2016**

18 Restricted funds	Balance at 01.01.2016	Income and net gains	Expenses	Transfers	Balance at 31.12.2016
	£000	£000	£000	£000	£000
Clinical Standards	2,931	3,654	(4,334)	(240)	2,011
Education	404	332	(326)	-	410
National Guideline Centre	181	3,476	(3,664)	7	-
Faculty of Medical Leadership and Management	769	1,219	(1,210)	-	778
International	136	140	(271)	-	5
Professional Affairs (Faculty of Physicians Associates)	93	140	(93)	-	140
Fundraising donations	35	-	-	-	35
Women in Medicine	-	50	(21)	-	29
External Communications	-	123	(98)	18	43
Dr Everley-Jones legacy	490	87	(3)	-	574
Harold Thomas Barten Trust	77	14	-	-	91
Overseas Doctors Training Fund	18	3	-	-	21
Frank Peacock Bequest	47	8	-	-	55
Catherine Mills Bequest	53	9	(1)	-	61
The Cotton Trust	40	-	-	44	84
The London Fever Hospital Fund	4	-	-	3	7
The Saltwell Will Trust Research Branch	21	-	-	38	59
Will Edmunds Clinical Research Trusts	5	-	(1)	5	9
14 other funds balances below £40,000	180	29	(3)	-	206
	<b>5,485</b>	<b>9,284</b>	<b>(10,025)</b>	<b>(125)</b>	<b>4,618</b>

## c Endowment funds 2016

19	Endowment funds	As restated Unapplied Total return 01/01/2016	Income and gains	Conversion to income	Transfer	Unapplied total return 31/12/2016	'Frozen' permanent capital	Total endowment
		£000	£000	£000		£000	£000	£000
	Bradshaw Trust	174	57	(15)		216	143	359
	Eden Fellowship in Paediatrics	802	168	(37)		933	142	1,075
	John Rosser Scholarship	10	9	-		19	42	61
	Joseph Senior White Trust	42	38	(64)		16	161	177
	Lewis Thomas Gibbon Jenkins-Briton Ferry	695	346	(39)		1,002	1,250	2,252
	ORL Wison Bequest	65	19	(1)		83	44	127
	James Maxwell Grant Prophit Bequest	263	143	(8)		398	539	937
	Sadleir Trust	239	58	(2)		295	91	386
	Samuel Leonard Simpson Fellowship	386	119	(3)		502	280	782
	T K Stubbins bequest	25	23	(4)		44	104	148
	Watson Smith Trust	480	172	(104)		548	470	1,018
	William Withering Prize	86	22	(1)		107	38	145
	Dr J D Ramsay Scholarship	25	10	(1)		34	30	64
	Graham Bull Prize	30	10	(1)		39	25	64
	Sir Michael Perrin Lecture	52	11	-		63	12	75
	Lady Teale Lecture	57	18	(1)		74	44	118
	Dr Samuel Gee's Endowment Fund	48	13	-		61	26	87
	John Glyn	53	24	(3)		74	80	154
	Dame Sheila Kift Bequest	15	9	-		24	38	62
	16 other funds with balances below £40,000	101	34	(2)		133	83	216
		<b>3,648</b>	<b>1,303</b>	<b>(286)</b>		<b>4,665</b>	<b>3,642</b>	<b>8,307</b>
	<b>Funds not included in total return:</b>							
	Thomas Cotton Fund	-	44	-	(44)	-	-	140
	The London Fever Hospital Research Fund	-	13	-	(3)	10	129	139
	Saltwell Will Trust Research Branch	10	93	-	(38)	65	713	778
	Will Edmunds Clinical Research Fund	2	18	-	(5)	15	389	404
		<b>3,660</b>	<b>1,471</b>	<b>(286)</b>	<b>(90)</b>	<b>4,755</b>	<b>4,873</b>	<b>9,768</b>



**d Analysis of group net assets after pension scheme liability 2016**

<b>20 Analysis of group net assets after pension scheme liability</b>						
					<b>Total</b>	
		<b>Intangible and tangible assets</b>	<b>Investments</b>	<b>Net current assets inc. pension liability</b>	<b>2016</b>	<b>As restated 2015</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Unrestricted:</b>						
<b>Designated</b>	Leasehold Replacement Fund	-	4,274	-	4,274	3,760
	Fixed Assets Fund	12,861	-	-	12,861	12,739
	Legacies Development Fund	-	-	1,545	1,545	1,506
	Clinical Standards	-	-	491	491	276
		<b>12,861</b>	<b>4,274</b>	<b>2,036</b>	<b>19,171</b>	<b>18,281</b>
<b>General funds</b>		-	32,506	(15,216)	17,290	17,475
		<b>12,861</b>	<b>36,780</b>	<b>(13,180)</b>	<b>36,461</b>	<b>35,756</b>
<b>Restricted</b>		-	1,792	2,826	4,618	5,484
<b>Endowment</b>		-	8,608	1,160	9,768	8,673
		<b>12,861</b>	<b>47,180</b>	<b>(9,194)</b>	<b>50,847</b>	<b>49,913</b>



# Shaping the future

Annual report 2017



Royal College  
of Physicians