



ROYAL
COLLEGE *of*
PHYSICIANS *of*
EDINBURGH



Annual Report & Accounts

For the year ended 31 January 2017

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

The Council of the Royal College of Physicians of Edinburgh (RCPE) is pleased to present its annual report for the year ended 31 January 2017, together with the financial statements for the same period. The annual report and accounts have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102).

Reference and administrative details

Charity name: Royal College of Physicians of Edinburgh
Charity registration number: SC009465
Principal office: 9 Queen Street, Edinburgh, EH2 1JQ
Main website address: <http://www.rcpe.ac.uk/>
Events website address: <https://venue.rcpe.co.uk/>

Charity Trustees

The Charity Trustees comprise elected and appointed members of Council.

Elected members of Council

The President and Vice Presidents are elected by all Fellows of the College and normally serve a three-year term of office. The UK-based Fellows of the College elect constituency members of Council to serve up to two consecutive terms of three years. UK Collegiate Members elect the members of the Trainees and Members' Committee, who in turn formally elect a Chairman and Secretary who serve on Council ex officio. On 31 January 2017, the elected members comprised:

President:	Professor Derek Bell	
Vice Presidents:	Dr A Deepak Dwarakanath Dr Tom Mackay	
Constituency members:	Dr Kerri Baker Dr Lesley Dawson Professor Richard Donnelly Dr Robert B S Laing Dr Una M MacFadyen Dr Albert J McNeill Dr Sue Pound Dr Marion Slater	Professor Andrew Collier Dr Sunil Dolwani Dr Catherine Labinjoh Professor Gregory Y H Lip Professor Jean McEwan Dr Simon Panter Dr Hannah Skene Dr Kathleen White
Other elected members:	Dr Katherine Walesby (Chair, Trainees and Members' Committee)	

Appointed members of Council

All appointed members, including honorary Office Bearers and faculty representatives, are ex officio and are appointed by Council itself. On 31 January 2017, the appointed members comprised:

Treasurer:	Professor David Goldsmith
Secretary:	Professor Mark Strachan
Director of Education:	Dr Conor Maguire
Director of Exams:	Dr Alan Patrick (interim)
Director International:	Professor Sunil Bhandari
Director of Standards:	Dr Mike Jones
Director of Training:	Dr Mike Jones (interim)

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

Honorary Librarian: Professor Iain Donaldson

Other appointed members: Professor John Connell (Academic Medicine)
Mrs Maureen O'Neill (College Lay Advisory Committee)
Dr Isla Mackenzie (Faculty of Pharmaceutical Medicine)
Dr David Pedley (Royal College of Emergency Medicine)
Dr Lorna Watson (Faculty of Public Health)

Other principal Office Bearers
Editor-in-Chief of the Journal Dr Martyn Bracewell

Trustees

Council appoints four Fellows who, together with the Treasurer, act as Trustees and have delegated authority to manage the investment portfolio. On 31 January 2017, the Trustees comprised:

Professor David Lawson
Professor David Goldsmith
Dr Anthony Toft (Chairman)
Dr Mike Watson
Professor Robert Wood

Senior management team

Chief Executive Officer	Ms Elaine Tait
Head of Assessment	Mrs Lindy Tedford
Head of Corporate Services	Mr Nigel Owen
Head of Education & Training	Ms Jeanette Stevenson
Head of External Relations & Policy	Ms Lisa Rooke
Head of Heritage	Mr Iain Milne
Head of Membership Services	Mr Graeme McAlister

Professional advisors

The College employs the services of the following professional organisations:

Auditors: Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Principal bankers: Bank of Scotland
75 George Street
Edinburgh
EH2 3EW

Solicitors: Gillespie Macandrew LLP
5 Atholl Crescent
Edinburgh
EH3 8EJ

Investment advisors: Adam & Company Investment Management Ltd
25 St Andrew Square
Edinburgh EH2 1AF

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

Structure, governance and management

Governing document

The College is constituted by Royal Charter and registered with the Office of the Scottish Charity Regulator (OSCR) and HM Revenue & Customs under charity number SC009465. The laws of the College specify governance arrangements and are amended as required at meetings of the College.

Organisational structure

The College has delegated strategic and operational decision taking to Council, which, as the governing body, meets five times a year to manage the charitable activities of the College in accordance with its objectives. Council holds appointed Office Bearers (Fellows) of the College and the Chief Executive Officer responsible for the implementation of College policy.

The College implements policy through a departmental structure and discharges many of its assessment, specialist training and continuing professional development (CPD) duties through membership of the Federation of Royal Colleges of Physicians of the UK (the Federation). The Federation is a joint arrangement of the three medical royal colleges of physicians, established to manage joint working in agreed areas.

The reporting line to Council is through a series of committees, which include the:

- College Strategy Group;
- Fellowship Committee;
- Trainees and Members' Committee;
- Recently Appointed Consultants Committee;
- Education Strategy Group and various sub-committees;
- Examination Committee;
- Finance Committee;
- Library Committee;
- Lay Advisory Committee; and the
- Federation of Royal Colleges of Physicians of the UK and various sub-committees.

Council delegates authority for the management of the investment portfolio to the appointed Trustees.

Recruitment and appointment of Charity Trustees

All Fellows of the College who are in good standing are able to stand, nominate and vote for the office of President or Vice President of the College. UK-based Fellows of the College in good standing elect the constituency members of Council. UK Collegiate Members elect members of the Trainee and Members' Committee, who in turn formally elect a Chairman and Vice Chairs, with two seats at Council.

Office Bearers appointed to Council are selected through open competition. Fellows in the UK are invited to apply for Office Bearer roles and selection is made by an interview panel, normally comprising senior elected members of Council.

All those elected or appointed to Council are considered Charity Trustees.

Induction and training of Charity Trustees

On appointment or election, all Council members are given an induction session by the President and Chief Executive Officer. In addition, they receive comprehensive literature explaining their obligations as a charity trustee, as well as regular updates on their responsibilities and related governance issues from the College's legal advisors, Gillespie Macandrew LLP.

Arrangements for setting the pay and remuneration of key management personnel

The College considers that its key management personnel comprise the Office Bearers, Chief Executive Officer and the Heads of Department. No Trustees receive any remuneration beyond reimbursement of expenses incurred during College activities. The College's pay structure provides salaries commensurate with evaluated job descriptions for all employees including the Chief Executive Officer. Pay rates are reviewed annually by a remuneration sub-committee of the Finance Committee and cost of living awards are negotiated through the Joint Negotiating Committee.

Affiliations and relationships with co-operating organisations

The College is a member of The Federation of Royal Colleges of Physicians of the United Kingdom along with the Royal College of Physicians of London and the Royal College of Physicians and Surgeons of Glasgow. Federation is an unincorporated body operating as a partnership to supply professional examinations, training and continuous professional development to its members. In addition, the College is a member of both the Academy of Medical Royal Colleges, known as the "UK Academy" and the Academy of Medical Royal Colleges and Faculties in Scotland, known as the "Scottish Academy". The UK Academy is a charity incorporated as a company limited by guarantee and speaks on standards of care

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

and medical education across the UK, by bringing together the expertise of the medical Colleges and Faculties. The Scottish Academy is an unincorporated body comprising the College leads in Scotland and has a similar purpose to the UK Academy.

Objectives and activities

The Royal College of Physicians of Edinburgh aims to improve public health and the quality of patient care. It represents over 12,000 Fellows and Members worldwide, setting standards and influencing health policy. The College helps physicians and related specialties pursue their careers through its world-renowned education and training programme. Working with its sister Colleges across medicine, it maintains the highest standards in training, assessment and CPD.

During 2016, the College launched its 'Strategy to 2021'. This set out the journey for the next years, defining its mission as 'enabling physicians and their teams to deliver the gold standard in healthcare'.

The vision is to be the 'College of choice' for physicians and related specialties internationally, underpinned by core values such as inclusivity, innovation, excellence, accessibility and responsiveness. Over the next 5 years the College will:

- Promote excellence through evidence-based medical practice, research and policy.
- Improve public health and healthcare through international partnerships and multidisciplinary clinicians and the public.
- Be the professional voice of physicians.
- Achieve international recognition as an innovator in medical education, training and standards.
- Share and promote our medical heritage.

Seven strategic objectives have been set to enable the College to progress its aims and against which its activities will be measured. The College will:

- Deliver a varied education and training programme traditionally and virtually, expanding our reach and influence as an educator.
- Deliver progressive quality improvement programmes and expand academic partnerships.
- Expand the impact of the College through the opinions and expertise of Fellows and Members and through public engagement.
- Collaborate and innovate with UK partners in medical training, assessment and CPD.
- Influence UK health policy to improve healthcare for patients.
- Deliver bespoke exhibition facilities and a programme of events to promote our heritage.
- Deliver a resilient business model to underpin existing activity and new opportunities.

Grant making policy

The College holds a number of trusts and funds which contain sums bequeathed or set aside for specific areas of research, education or more general use. Each fund has specific criteria for usage as set out in the College Trust and Fund Framework. These criteria must be met before grants and awards are released.

The trusts and funds support a wider range of awards and scholarships which seek to recognise excellence in teaching, training, research and service innovation. They are advertised on a dedicated page on the College website at <http://www.rcpe.ac.uk/college/awards-and-scholarships>. Applications are normally considered on a case-by-case basis.

The College, in partnership with the University of Edinburgh, awards a number of scholarships to support postgraduate students taking an MSc in Internal Medicine. Applications are invited annually. The College also supports a number of fellowships, the largest of which is the JMAS Sim Fellowship which funds research into depressive illness. Applicants are normally invited on an annual basis.

Achievements and performance

Council is satisfied that the wider objectives of the College, as set out in 'Objectives and activities' above have been met in the year under review and that the College's charitable activities have been delivered in accordance with the expectations of its Trustees.

Principal activities and achievements in 2016/17 are noted below.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

External Relations and Policy

The External Relations and Policy department delivers the policy, public affairs, media and marketing activity of the College and is focused on raising the profile of the College in the UK and internationally.

In 2016, a series of 'Health Priorities' documents was created in advance of elections, outlining the College's priorities for healthcare in Scotland, Wales and Northern Ireland. The College also held a programme of meetings with key political and policy stakeholders across the UK to discuss healthcare and policy issues. This included attending party political conferences, and liaising with the Scottish Parliament parliamentary committees. The College continues to contribute to a significant number of policy consultations from a wide variety of UK-based government departments, committees and other organisations. Comments were submitted to 60 health-related consultations during 2016, with input and expertise from our Fellows, Members and staff; a third relating to Scotland and two-thirds to the rest of the UK. Most are available on our website at www.rcpe.ac.uk/college/consultation-search.

Since July 2016, the College has generated almost 200 articles in printed publications and online. These have reached a potential audience of over 74 million with an article value equivalent of over £686,800. A daily news summary is provided to staff and Council to highlight key issues of interest and a monthly Public Affairs and Policy summary is produced for Fellows and Members. Careful monitoring and coordination of social media has improved the dissemination of important messages linked to our policy activity and the rapid assessment of views and opinions.

The new College brand and website was launched in September 2016, delivering a new modern image and corporate identity, both in the building and for all our external communications. The new brand saw the return of Chiron, representing the strong heritage and reputation of the College.

The College's Lay Advisory Committee and the Health and Wellbeing group, which meet regularly throughout the year, continue to exert a positive influence over the College's strategy and policy positions.

Quality and Standards

The College's standards work focused on acute medicine and included the completion of a qualitative research programme into acute medical units in Scotland and the extension of a design project in partnership with the Helen Hamlyn Centre at the College of Art in London. The design work has resulted in a tool to support patient flow, currently available in analogue form with a digital version under development.

From August 2016, the College has been hosting two Scottish Clinical Leadership Fellows both working on a workforce recruitment and retention project that will report in August 2017. Via the Scottish Academy, the College has also been involved in invited reviews of NHS Services and expects this work to expand in the future. In January 2017, following the publication of 'Learning from Serious Failings in Care' which set out how best to stimulate positive change following high profile adverse events, the College has continued to support and be a lead partner in influencing the ongoing Scottish Academy quality and standards work stream.

All College grants and awards have been brought under the umbrella of a Recognising Excellence committee administered by the Quality Research and Standards Department. This body provides an overview of the grant giving and awards process to improve consistency and visibility. During 2016, a 3-year JMAS Sim Fellowship was awarded to fund research into the biochemical aspects of depressive illness. Grants to support tuition fees to attend the University of Edinburgh MSc in Internal Medicine were paid to seven students. The College collaborated with Health Boards in Scotland to establish the William Cullen Prize for Excellence in Teaching or Service Innovation; seven such awards were made in 2016. A travelling Fellowship was also awarded in partnership with the Winston Churchill Memorial Trust.

Medical assessment

The College, through its membership of the Federation, plays an active role in developing and delivering assessment tools for doctors at all stages of their training. During 2016, MRCP(UK) delivered its principal examination to just under 23,000 trainee doctors in the UK and internationally. The College directly supported the delivery of just under 1,000 PACES places in the UK with over 300 places alone handled through the Western General Examination Centre in Edinburgh (CSAC). CSAC continues to be the biggest MRCP(UK) examination centre in the world, having recently examined its 4,000th candidate. In 2016, 2,174 (1,253 UK and 921 international) candidates sat for 12 Specialist Certificates of Education (SCE). SCEs have now run in 46 countries; examinations were run in four new countries in 2016 – Denmark, Malawi, Mexico and Sierra Leone

Education and training

In 2016 the RCPE organised 57 educational events, including 21 symposia, 8 courses and 16 evening updates. Events were attended by 5,383 delegates locally and viewed remotely by over 13,500 delegates via web streaming sites. Overall delegate numbers were down by around 400, a direct effect of the postponement of the 2016 Trainee and Members' symposium to early February 2017. The numbers attending through linked sites, having doubled in 2015, were maintained in 2016 despite significant technical challenges.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

A highlight of the year was the 'Shocked patient' Evening Medical Update, with 1,250 delegates participating across over 100 sites; the highest number of delegates at any single RCPE education event to date. Other notable achievement included:

- The 5-day Edinburgh International Course in Medicine for the Elderly, which attracted a high number of international delegates, the 20th Advanced Gastroenterology and Hepatology Course and the fully subscribed St Andrew's Day Festival.
- The CPD diary for physicians, run in partnership with our sister colleges through the Federation, allows participants to reflect on and score events. The results confirm the quality of the education programme with average scores of 3.8–3.9 out of 4 across all RCPE education events (both local and online).
- An average of 285 Fellows and Members per month used the online education portal. The development of new formats and content for the portal continues to strengthen this key education medium.
- The MSc in Internal Medicine, run in conjunction with the University of Edinburgh, is performing well in terms of student numbers and finance. Following open application processes we have sponsored scholarships for doctors from Afghanistan, Antigua, Australia, Bangladesh, Canada, Ethiopia, India, Kenya, Malawi, Malaysia, Nepal, Poland, Sierra Leone, South Africa, Sri Lanka, Sudan, Yemen, Zimbabwe and the UK.
- The College contributed to the continuing development of training in the physicians' specialties through its membership of the Joint Royal Colleges of Physicians Training Board (JRCPTB) and through the Specialist Training Committee (STC) of the Academy of the Medical Royal Colleges of the UK.

Education events are supported through income from fees, sale of exhibition space, sponsorship and endowments.

Recruitment and retention of Fellows and Members

Good progress was made in both recruitment and retention. In total, 440 new Fellows were elected in 2016, the highest intake in over 20 years. In parallel, we improved Fellowship retention and increased the number of Fellows recommencing payment of their subscriptions. Following implementation of a considerably shorter credit control period in 2015 and electronic subscription renewal notices in 2016, there was a reduction in numbers denied services for non-payment as well as efficiency gains and cost savings.

Trainees

Our Trainees & Members' Committee continues to be one of the most active and influential trainee groups in the UK. Recognising that almost 60% of RCPE Collegiate Members are now in England, Wales and NI, the annual Trainees & Members' Committee Symposium was relaunched as a UK-wide Medical Trainees' Conference, which will rotate locations around the UK. We retained the most popular clinical elements, and introduced a keynote lecture and high-level panel discussion. The inaugural event took place in Newcastle in February 2017.

Regional activity

Our programme of regional symposia continued to develop. This is becoming a rapid growth area for the College with increasing demand to run new events around the UK and improve visibility. We delivered a new event in Cardiff (our first in Wales) in December 2016.

Ceremonial events

Our ceremonial events continue to be highly valued by our Fellows and Members, recognising the achievement of attaining MRCP(UK) and fellowship. During 2016, we held two New Fellows' Day ceremonies and welcomed over 160 Fellows from 15 countries to the College.

Engaging and representing Fellows and Members

The College's Trainees & Members' Committee continued to be very active in representing the opinions of medical trainees throughout the UK, most notably during the unsettling period of the junior doctors' industrial action in England and in response to the recruitment challenges faced across the UK. In addition to supporting trainees, we have strengthened our support for Recently Appointed Consultants, most notably through our mentoring network. Regular surveys and newsletters keep our Fellows and Members up to date with current issues, stimulating dialogue and creating opportunities to input to policy advice across the UK.

In addition to the significant expansion of the international audience linking in remotely to our educational events, the College strengthened valuable links with our international membership through presentations and contributions to international conferences and events by senior College Office Bearers. In support of these initiatives, the President, senior Office Bearers and Fellows have visited such diverse places as Dubai, Nepal, the USA and Australia.

Scottish Academy and other specialty societies

The College continued to provide support to the Academy of Medical Royal Colleges and Faculties in Scotland ('Scottish Academy') which the President currently chairs. Central to this was the work stream on 'Learning from Serious Failings in

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

Care', which evolved into 'Prevention through Learning' and resulted in two major events for Board members. The College continued to provide support to UK and Scottish medical specialty societies, ranging from the provision of secretariat to the organisation and delivery of educational events.

Heritage and information

During 2016, the College undertook a refurbishment project to provide a long-term solution to storage problems for its internationally renowned medical library. This headline project, supported by reserves from the Ashworth, Ferguson and Russell bequest funds, created 2,850m (1.7 miles) of state of the art, moveable shelving space and improved environmental conditions to maintain the library in an optimum state.

Focusing on outreach projects, our 2016 Edinburgh Festival event 'Bad medicine and Quackery' was very well attended by a diverse audience. The Heritage team also developed a wide range of public facing exhibitions and events sharing notable items from the collections with growing audiences. Much of this has been reproduced on the College website along with new material including podcasts and blogs: <http://www.rcpe.ac.uk/historyevents>

Infrastructure

Development work has continued throughout 2016 on 'Transforming Access to the College'. This major infrastructure project seeks to support the College's 'Strategy to 2021' by improving reception and access to College educational spaces, enhancing conference centre facilities for delegates and other visitors and by providing dedicated exhibition spaces to showcase our collections and support public engagement aspirations. Artist impressions and further details of our plans are available at <http://www.rcpe.ac.uk/college/transforming-access-college-0>

Contribution of Fellows and Members

A significant part of College activity is guided and delivered by its Fellows and Members. Their support is given on a voluntary basis and the College very much values their input and expertise, particularly at a time when it is becoming increasingly difficult for doctors to find time away from clinical practice and responsibilities. The College remains focused on engaging its membership in its principal activities by helping to both engineer capacity for doctors to support the College and by recognising their efforts. In addition, the College is fortunate to have the support of an energetic Lay Advisory Committee which is fully engaged in College affairs and which adds a valuable external perspective to the decision making process.

The value of services provided by volunteers is significant; however, it has not been included in these accounts as it is not easily quantifiable.

Further information on the work of the College is available on the main College website at <http://www.rcpe.ac.uk>

Royal College of Physicians of Edinburgh Annual Report and Accounts For the year ended 31 January 2017

Financial review

The 2016/17 accounts were prepared with reference to the 'Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)'.

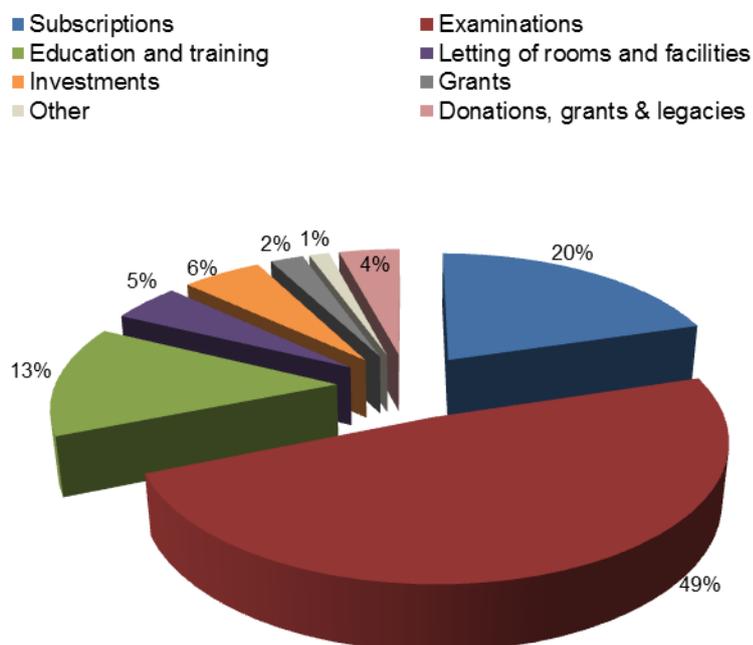
In 2016/17, the College returned a total surplus of £1,123,628 (2016: £412,734 deficit). This included net realised and unrealised gains on investments of £1,406,523 (2016: £489,315 loss). If this movement in investment values of £1,406,523 is excluded the total, underlying trading deficit for the year was £282,895, down £359,476 from a trading surplus of £76,581 in 2015/16.

Comparable income fell by £205,731 or 3% over the period, with a rise in income from charitable activities offset by a fall in donations, grants and legacies and income from other trading activity year on year. Expenditure levels increased overall by £153,745 or 2% due to non-recurring commitments in year. Core charitable costs were contained overall. Further details of the movements in income and expenditure over the year are provided below:

Incoming resources

Incoming resources across all funds were down on 2015/16 levels by £205,731 to £7,236,295.

Incoming Resources 2016/17



Income from donations, grants and legacies fell by £522,265. The receipt of one-off grants and donations benefiting infrastructure and education activity in 2015/16 did not reoccur in the period although this fall in income was offset, in part, by a donation of £89,604 from the Isabella Kirk Duncanson Trust to support AV development.

Income from charitable activities was up by £438,402k. Variances within this category were driven by the following:

- Fellowship & Membership income was up by £30,946 due to a small increase in net fellow and member numbers.
- Examination income was up by £219,453 primarily due to higher candidate numbers taking clinical examinations (PACES) in Edinburgh and overseas. The number of candidates taking SCEs locally and internationally also continued to grow, although overall income returns were flat following the introduction of a new, more competitive pricing structure.
- Education and training income grew overall by £52,351. Symposia, courses and teach-in income rose by £25,695 year on year due to modest price increases. There was a £22,072 reduction in income from audit events as none took place in 16/17. Federation training income rose in the year by £27,956 due to recovery of prior years' fees.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

MSc Internal medicine income increased by £13,677 against 2015/16 due to rising student numbers and an inflationary price increase

- Contractual grant income was up by £126,755 on last year. This reflects the incorporation of the grant for the Scottish Academy External Advisors Board, previously managed externally.
- Income from trading activity fell by £111,118 on 2015/16, driven by an overall reduction in the letting of rooms and facilities as a consequence of the closure of facilities in early 2016 to accommodate the 'Transforming Access to the College' project, subsequently delayed to October 2017.
- Income from investments remained relatively stable.

Royal College of Physicians of Edinburgh

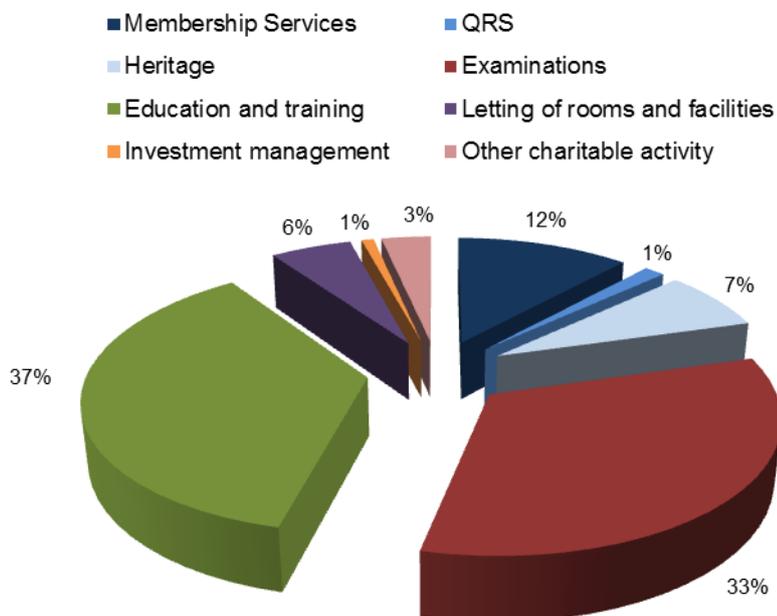
Annual Report and Accounts

For the year ended 31 January 2017

Resources expended

Costs across all funds were up on 2015/16 levels by £153,745 to £7,519,190.

Resources Expended 2016/17



The main drivers for this variance were as follows:

Expenditure on raising funds dropped by £47,697 from 2015/16 primarily due to lower activity in respect of letting of rooms and facilities consistent with the corresponding movement in income noted above.

Expenditure from charitable activities was up by £201,442. Within this:

- Membership services costs showed a minimal increase of £10,497 from 2015/16.
- Quality, research and standards costs fell by £142,044. This was primarily due to completion of the successful acute medicine project in early 2016/17. In addition, spend of £60,000 on the Helen Hamlyn project in 2015/16 did not reoccur in the year.
- Heritage costs increased by £100,331. The project to refurbish Library storage space, which commenced in late 2015/16, was completed at a cost of £172,484. This uplift in costs was offset by a decrease of £23,770 in core library costs and reduction in restricted fund spends of £8,245 against the William Cullen project.
- Examinations costs increased by £175,893 due to investment in Federation corporate development and an uplift in PACES expenditure of £131,815; the latter following expansion of activity through Edinburgh centres and internationally.
- Although core education and training costs were broadly contained, the award in 2016/17 of a new 3-year JMAS Sim fellowship saw expenditure commitments rise by £254,354.
- Other charitable activity costs fell by £185,895. Expenditure on the design phase of the 'Transforming Access to the College' project fell to £139,943 in year, offset by a £113,914 commitment of funds towards establishment of a distinct corporate entity for Federation.

Salary costs rose by £75,447 against the prior year. Principle drivers for this upward movement were the 1% cost of living rise and an uplift in staff costs of £30,831 following incorporation of Scottish Academy External Advisor Board activity; the latter supported through grant funding.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

Investment policy and performance

Investments are held as part of a portfolio managed by Adam & Company Investment Management Ltd. The Trustees have instructed our advisors to invest to maximise the total return on all funds within the constraints of a medium risk investment portfolio. This includes a bias towards companies with strong balance sheets and visible, reliable earnings. The investment brief encourages a diversified profile for the portfolio designed to generate an agreed revenue target but also provide for growth. However, the ethical criteria prohibit investment in companies that manufacture tobacco.

In a year of heightened political uncertainty, financial markets remained resilient, reflected in the strong returns generated by the portfolio, up 16.5% over the course of the year, versus a Gross Fund Income benchmark return of 16.7%.

Focusing on fixed income investments, the portfolio remained underweight in government bonds with the Trustees reluctant to change positioning given stretched valuations. Despite better performance over the summer of 2016, yields stayed at the lower end of their historical range. The investment advisors continue to hold fixed income assets for diversification.

At the end of the period, 73% of the portfolio was invested in equities, which returned 21.4% during the year. In the UK, mining and oil names were the best performers due to the rally in commodity prices, with Weir Group (+142%), Rio Tinto (+115%), Royal Dutch Shell (+58%), and BP (+37%) all delivering excellent returns for investors. These stocks also benefited from the weakness in sterling following the Brexit vote, given their exposure to overseas earnings. Hill & Smith, a relatively recent addition to the portfolio, enjoyed a strong year (+64%) as investors anticipated increased infrastructure spending in both the USA and UK. In the second half of 2016 there was a general move towards emerging markets, Asia Pacific and the USA, where markets rallied strongly. This was reflected in the performance of the relevant portfolio holdings, with both the Findlay Park American and the JP Morgan US Equity Income funds achieving returns in excess of 35% and our Japanese and Asia Pacific funds up 35% and 33%, respectively. Despite concerns over the UK property market following the Brexit vote, commercial property exposure delivered returns in excess of 10.5%.

The College remains optimistic that recent gains will be maintained, whilst recognising that there are risks, political and otherwise, across the globe, which could lead to increased volatility. The College's investment advisors believe an active approach of looking for reasonably valued stocks, with strong balance sheets and cash conversion, should continue to deliver expected performance.

During 2016/17, the College, with the approval of the Trustees, took the opportunity to realise a portion of the capital gains generated by the upturn in the market, transferring £1m to a new Designated Strategic Development fund. The value of investments held by the College at the period end was £11,413,604 (2016: £11,007,082). Income received was £348,197 (2016: £356,516).

Reserves

The College has a healthy balance of unrestricted reserves, as at 31 January 2017, of £10,013,217 (2016: £9,773,930) including a revaluation reserve of £644,675 (2016: £644,675) arising from holding heritable property at market value. These are held as general and designated reserves and comprise the value of assets and investments of the College derived from past and current unrestricted operating results. The College currently holds unrestricted reserves of between one and two times its annual unrestricted operating costs.

Unrestricted reserves include fixed assets of £4,655,279 and investments of £1,805,153 leaving free reserves of £3,552,785 (see note 17). Unrestricted reserves exclude restricted funds of £1,745,748 (2016: £1,957,760) and endowment funds of £9,608,451 (2016: £8,512,098), most of which are used to support specific purposes attributed to those funds only.

The College relies on income generated by its assets to achieve its objectives and has determined that the current level of reserves should be, where possible, improved by achieving annual operating surpluses and through judicious management of funds and investment assets.

Assets held as custodian

The College acts as custodian of funds for activities delivered on behalf of the Scottish Academy of Medical Royal Colleges and the Senior Fellows Club. The funds held as cash at bank by the College as at 31 January 2017 totalled £19,796 (2016: £80,010). For further information, see note 14.

Risk management

The Charity Trustees of the College have implemented processes by which they review, identify and assess major strategic risks and ensure that controls have been put in place, where necessary, to mitigate those risks. Operational risks are identified by the senior management team and reported regularly to Council for discussion and approval. An analysis of strategic and operational risk is incorporated into the annual business planning process and influences the in-year work programme and strategic plan. Responsibility for day-to-day risk management is delegated to the senior management team and associated Office Bearers of the College.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

The Charity Trustees, after review, agreed four main areas of strategic risk as set out below. New external pressures strengthen some key areas of risk but do not fundamentally change them. The areas of risk are:

1. Loss of recognition nationally and internationally of the College's impact due to inactivity (or perception of inactivity), resulting in fewer contributions, earlier resignations by Fellows and reduced nominations.
2. Political uncertainty leading to a perceived erosion of our UK credentials and, as a consequence, our profile and opportunity to influence beyond Scotland (whether through Federation or as a single College).
3. Failure of existing and developing strategic partnerships to deliver greater impact for the College.
4. Failure to develop realistic 5-year strategic plans to support and achieve the balance of essential activity identified in our strategic objectives, including the development of a robust plan for business reliance

Remedial action to mitigate or remove these risks has primarily focused on raising the visibility of the work of the College with Fellows and Members, physicians internationally, and government and other key stakeholders. This has been achieved through the rebranding of the College, improved communication with Fellows and Members and the wider public with a new website and strategic media activity. Proactive engagement with governments (UK and devolved) has lifted the College's profile. The development of a formal international strategy during 2017–2018 will build on this work. Operationally, external facilitation with the senior management team is building greater cross-College working and improved planning and monitoring.

The College remains a fully committed and active member of Federation and is currently fully engaged in the process for shaping its governance, future structure and direction. It is also working closely with other key stakeholders across the medical sector to develop new and emerging strategic partnerships and work streams. Examples include the development of RCPE Manchester, an alliance of the College with the Manchester Academic Health Sciences Centre (MAHSC) and various Memoranda of Agreement to support training and education internationally. The new 5-year 'Strategy to 2021' and the development of longer term operational plans contribute to the areas of strategic risk identified above; progress will be monitored closely and reported regularly to Council.

Future periods

The College is committed to making a full contribution to education, training and medical policy development across the UK and will continue to provide professional support to its Fellows and Members in the UK and internationally.

External Relations and Policy

Policy developments in 2018 will be influenced by the UK election and Brexit discussions, with particular emphasis on the challenges facing the NHS as patient demand increases at a time of financial constraint. We expect the development of health and social care integration to feature more prominently in 2017/18.

We will maintain our engagement with Governments and political stakeholders in Scotland, Wales and Northern Ireland and increase our engagement with Westminster stakeholders to ensure that the views of our Fellows and Members working in England are fully represented. Further engagement with media will take place to highlight the College's position on policy issues as well as highlight key events and developments at the College.

A new brand and website will be launched for the venue side of the College, bringing it in line with the College's wider branding and creating a more user-friendly website.

Quality and Standards

In terms of professional standards, and following the Pearson Report into revalidation, the College will scope what further support Fellows and Members may need, for example, with appraisal. The new partnership with MAHSC will build the College profile in the north of England through the delivery of a joint academic and education programme. This collaborative programme will be the focus of much of 2017, along with delivering new contracts for audit support with specialist societies. A new CPD app will be developed jointly with sister colleges in the Federation to offer a better tool for recording and reflecting on training activities. The College will also develop a framework for invited service reviews.

Examinations assessments and training

The College will work to secure adequate capacity in the UK and internationally to satisfy the demand for examination places and support trainees applying for their next posts. Workplace-based assessments for UK trainees will be refined to improve their functionality in line with planned changes to the training curricula. Continued investment in IT systems will also improve online communication with candidates and trainees, offer more choice and flexibility on application and bring cost and system efficiencies.

Education

Looking forward, we aim to consolidate recent growth in delegate numbers and participating sites and further develop our online education programmes.

Recruitment and retention

In response to an increase in payment difficulties experienced by Fellows and Members in low-income countries, considerable work has been undertaken to model and develop a new, tiered system of overseas subscription rates. These will be based on the World Bank Development Indicators and will be implemented from October 2017.

New events

Following the success of our inaugural Medical Trainees' Conference, we are currently planning the Medical Trainees' Conference 201, which will be held in Manchester, and for an expansion of other regional meetings with new events in Luton, Oxford and the south west of England.

Infrastructure

Final planning, tendering and logistical preparations will take place in summer 2017 for phase 1 of the 'Transforming Access to the College' project. The £3.5m investment will enhance conference facilities, transform access to our buildings, improve the experience for visitors to the College and create a new public exhibition space to showcase our collections. Construction will start in October 2017 with completion expected 12 months later.

Work to improve access and intruder systems will also take place during summer 2017. This material investment in College infrastructure will seek to secure the assets of the College and improve security for visitors and staff alike.

In support of the 'Strategy to 2021', work will commence on the development of a business resilience plan. This will seek to improve the corporate framework of the College so that it is better able to anticipate, prepare for, respond and adapt to events. This will include reducing reliance on any single income stream, ensuring assets and data are well protected and improving the College's ability to assess impact and outcomes.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2017

Council's responsibilities

Council is responsible for preparing the Annual Report and Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires Council to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, Council is required to:

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

Council is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the accounts comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the various trust deeds and the Royal Charter of Incorporation. The applicable law also sets out Council's responsibilities for the preparation and content of the Annual Report. Council is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Council is charged with the maintenance and integrity of the charity 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.

Approved by the Council of the College on the 23 June 2017 and signed on its behalf by:

President: Professor Derek Bell



Independent Auditor's Report to the Fellows and Members of the Royal College of Physicians of Edinburgh

We have audited the accounts of the Royal College of Physicians of Edinburgh for the year ended 31 January 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of Council and auditor

As explained more fully in the Council's Responsibilities Statement set out on page 14, the Council is responsible for the preparation of accounts which give a true and fair view.

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

Scope of the audit of the accounts

A description of the scope of an audit of accounts is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 January 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

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

- the information given in the Annual Report is inconsistent in any material respect with the accounts; or
- proper accounting records have not been kept; or
- the accounts 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.

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

23 June 2017

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities

for the year ended 31 January 2017

	Notes	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2017	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2016
		General	Designated				General	Designated			
		£	£	£	£	£	£	£	£	£	£
Income and endowments from:											
Donations, grants and legacies	2	11,143	5,000	282,042	-	298,185	100,003	-	720,447	-	820,450
Charitable activities	3	6,087,709	-	123,364	-	6,211,073	5,746,916	-	25,755	-	5,772,671
Other trading activities	4	336,990	-	-	-	336,990	448,108	-	-	-	448,108
Investments	5	83,194	14,239	292,614	-	390,047	94,969	15,226	290,602	-	400,797
Total income		6,519,036	19,239	698,020	-	7,236,295	6,389,996	15,226	1,036,804	-	7,442,026
Expenditure on:											
Raising funds	6	441,097	421	35,911	-	477,429	489,303	413	35,410	-	525,126
Charitable activities	7	5,906,706	309,421	825,634	-	7,041,761	5,955,410	494,078	390,831	-	6,840,319
Total expenditure		6,347,803	309,842	861,545	-	7,519,190	6,444,713	494,491	426,241	-	7,365,445
Net (expenditure)/income before gains and losses on investments		171,233	(290,603)	(163,525)	-	(282,895)	(54,717)	(479,265)	610,563	-	76,581
Net realised gains/(losses) on investments		31,847	2,024	-	172,677	206,548	(24,455)	(1,019)	-	(86,813)	(112,287)
Net unrealised gains/(losses) on investments	12	265,471	10,828	-	923,676	1,199,975	(82,203)	(3,425)	-	(291,400)	(377,028)
Net income/(expenditure)		468,551	(277,751)	(163,525)	1,096,353	1,123,628	(161,375)	(483,709)	610,563	(378,213)	(412,734)
Transfers between funds	17 (d)	(1,039,955)	1,088,442	(48,487)	-	-	(306,029)	326,333	79,696	(100,000)	-
Net movement in funds		(571,404)	810,691	(212,012)	1,096,353	1,123,628	(467,404)	(157,376)	690,259	(478,213)	(412,734)
Reconciliation of funds:											
Total funds brought forward	17	8,566,980	1,206,950	1,957,760	8,512,098	20,243,788	9,034,384	1,364,326	1,267,501	8,990,311	20,656,522
Total funds carried forward	17	7,995,576	2,017,641	1,745,748	9,608,451	21,367,416	8,566,980	1,206,950	1,957,760	8,512,098	20,243,788

16.

The Statement of Financial Activities includes all gains and losses in the year and all incoming resources and resources expended derive from continuing activities. The notes on pages 19 to 36 form part of these accounts.

Balance Sheet
as at 31 January 2017

	Notes	Total funds 2017 £	Total funds 2016 £
Fixed assets			
Tangible fixed assets	11	4,656,719	4,694,804
Investments	12	<u>11,413,604</u>	<u>11,007,082</u>
Total Fixed Assets		16,070,323	15,701,886
Current assets			
Stocks		29,031	21,579
Debtors	13	1,205,790	1,123,034
Cash at bank and in hand	19	<u>6,309,521</u>	<u>5,409,035</u>
		7,544,342	6,553,648
Creditors: amounts falling due within one year	14	<u>(1,982,188)</u>	<u>(1,821,182)</u>
Net current assets		5,562,154	4,732,466
Total assets less current liabilities		21,632,477	20,434,352
Creditors: amounts falling due after one year	15	<u>(265,061)</u>	<u>(190,564)</u>
Net assets		21,367,416	20,243,788
Endowment funds	17b	9,608,451	8,512,098
Restricted funds	17c	1,745,748	1,957,760
Unrestricted funds	17/17a	9,368,542	9,129,255
Revaluation reserve	17	<u>644,675</u>	<u>644,675</u>
Total funds	17	21,367,416	20,243,788

Approved by the Council of the College on 23 June 2017 and signed on its behalf by:

President: Professor Derek Bell

Treasurer: Professor David Goldsmith

The notes on pages 19 to 36 form part of these accounts.

Statement of Cashflows

for the year ended 31 January 2017

		£	2017 £	2016 £
	Notes			
Net cash (used in)/provided by operating activities	18		<u>(425,775)</u>	<u>(92,689)</u>
Cash flows from investing activities:				
Dividends, interest and rents from investments		390,047		400,797
Purchase of property, plant & equipment		(63,787)		(150,146)
Purchase of investments		(1,135,197)		(2,367,608)
Proceeds from sale of investments		<u>2,418,116</u>		<u>2,321,237</u>
Net cash provided by investing activities			1,609,179	204,280
Cash flows from financing activities:				
Receipt of endowment			-	-
Net cash provided by financing activities			<u>-</u>	<u>-</u>
Change in cash and cash equivalents in the year	19		<u>1,183,404</u>	<u>111,591</u>
Cash and cash equivalent brought forward			5,467,498	5,355,907
Cash and cash equivalents carried forward	19		<u>6,650,902</u>	<u>5,467,498</u>

The notes on pages 19 to 36 form part of these accounts.

1 Statement of accounting policies

a) Basis of preparation of financial statements and assessment of going concern

The financial statements of the College are prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The College is a public benefit entity as defined by FRS 102.

These accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The following paragraphs describe the specific policies adopted for recognition of significant categories of incoming resources and of expenditure.

The accounts have been prepared on a going concern basis. Council has assessed the ability of the College to continue as a going concern and have reasonable expectation that it 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 accounts.

b) Fund structure

The College has a number of endowment funds and restricted funds to account for situations where a donor requires that a donation must be used for a particular purpose or where funds have been raised for a specific purpose. All other funds are unrestricted funds. Funds held in each of these categories are disclosed in note 17.

Unrestricted funds are available for use at the discretion of the Council in furtherance of general objects of the College.

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

Restricted funds are subject to restrictions on their expenditure imposed by the donor or funder.

Endowment funds are invested in investments, the income from which, are used for the normal operation of the College, and must be spent in accordance with the terms of the endowment. This income, and related expenditure, is accounted for within restricted funds. Realised and unrealised gains or losses are accumulated within endowment funds which are regarded as permanent.

c) Significant judgements and estimation uncertainty

In the application of the College's accounting policies, Council are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for carrying amounts of tangible assets.

d) Income

All income is included in the Statement of Financial Activities when the College is entitled to the income, the amount can be quantified with reasonable accuracy, and receipt is probable. The following specific policies are applied to particular categories of income.

Admission fees and subscription income

Income from admission fees is recognised on admission and subscriptions are recognised over the period to which they relate. Amounts relating to subscription periods falling after the year end are deferred into the next accounting period.

Donations and Legacies

Donations are recognised when the College has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the College is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the College and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following when the administrator/executor for the estate has communicated in writing both the amount and settlement date. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the College has been notified of the executor's intention to make a distribution. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the College.

Grants receivable

Grants received are reflected in the Statement of Financial Activities when relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Grants of a revenue nature are credited to the Statement of Financial Activities in the period to which they relate. Grant income with specific restrictions on utilisation in terms of timing or service provision is deferred in accordance with the terms provided by the donor as appropriate.

Grants are split into two categories within the Statement of Financial Activities. Grants with specific performance criteria, and of a contractual nature, are included in Income from Charitable Activities and grants of a general voluntary nature are included under the heading Donations, grants and legacies.

Examination income

Examination income represents exam fees received in respect of exam sittings during the financial year. Any fees received in respect of exams sittings after the year end are treated as examination fees in advance and deferred into the subsequent accounting period.

Course and event income

Income from courses and events represents fees received in respect of educational courses or training events undertaken in the financial year. Any fees received in respect of courses taking place after the year end are deferred into the next accounting period.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the College; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

e) Expenditure

Resources expended are recognised on an accruals basis when a legal or constructive obligation to pay arises committing the College to that expenditure; it is probable that settlement will be required and that the

amount of the obligation can be measured reliably. They are shown under the appropriate category. The irrecoverable element of VAT is allocated to the related individual cost.

Costs of raising funds

These comprise the costs associated with raising voluntary income, the costs relating to fundraising and the costs of managing investments for both income generation and capital maintenance.

Charitable expenditure

Charitable expenditure comprises those costs incurred by the College in undertaking its work to meet its charitable objectives. It includes costs that can be allocated directly to such activities together with those support costs incurred that enable these activities to be undertaken.

Governance costs

Governance costs are those costs associated with meeting the constitutional and statutory requirements of the College and include the audit fees and costs linked to the strategic management of the College.

Basis of allocation of costs

All costs are allocated between the expenditure categories on a basis which best reflects the use of the resources. Costs, including governance costs, relating to a particular activity are allocated directly, others are apportioned to cost categories based on an estimated amount attributable to that activity in the year. The relative attribution of costs to charitable and other cost centres is reviewed annually.

Federation activities

Income and costs relating to activities delivered collaboratively as part of the Federation of Royal Colleges of Physicians are accounted for as a joint arrangement and disclosed within appropriate income and cost categories within notes 3 and 7 to the accounts.

Grants payable

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the College. The grants are accounted for where the College has agreed to pay the grant without condition and the recipient has a reasonable expectation that they will receive a grant, or any condition attaching to the grant is outside the control of the College.

In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the College that would permit it to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by Council as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the College.

f) Tangible fixed assets

Fixed assets are initially recognised at cost, and depreciated over their useful economic life, taking into account any residual value of the assets.

Heritable property and land

The heritable property of the College is carried at fair value. It is also considered to have a high residual value. The depreciation charge is immaterial and no charge has therefore been made. Where no charge for

depreciation is made, an impairment review should be carried out on an annual basis. Such a review has been performed and this shows that the fair value of the property is equal to the carrying value in the financial statements.

Land is not depreciated.

Heritable property has not been divided into investment property and property held for operational use as the fair value of the investment property component cannot be measured reliably without undue cost or effort.

Other fixed assets

Individual assets or large groups of homogeneous assets costing more than £500 are capitalised and carried in the balance sheet at historical cost.

Depreciation of assets is provided at rates calculated to write off the excess of cost over anticipated residual value evenly over the estimated useful economic lives of each class of assets, subject to annual review. Depreciation rates are currently as follows:

- | | |
|---------------------------------|----------------------|
| • Fixtures and fittings | 10-20% straight line |
| • Computers and other equipment | 25% straight line |
| • Plant and machinery | 10% straight line |

Heritage assets

In addition to the capitalised fixed assets retained for the College's own use, the College holds a substantial collection of unendowed heritage assets whose intrinsic value is bound up with the College's history. The principal collection is of medical books and manuscripts collectively known as the Sibbald Library Collection. The College also holds a modest collection of paintings and other artefacts. The heritage assets are held for preservation and to benefit medical knowledge and culture.

Most of these assets are irreplaceable originals to which no reliable value can be attributed and therefore the charity trustees believe that the significant costs that would be incurred in assessing and maintaining a reliable valuation record would be disproportionate to the clarity derived. Accordingly, the assets have not been capitalised in the accounts.

Governance rules applicable to the disposal of heritage assets are set out in the College Laws, Chapter XVII. Subject to recommendation from the Library Committee and approval of the charity trustees, the College can elect to dispose of items from the Sibbald Library Collection, although this would only happen in exceptional circumstances, for example, to generate funds to support the development of wider access to the historic collections of the College Library.

Acquisitions are made by purchase or donation but are rare. Items acquired are capitalised only where the value can be determined and is deemed material.

Further information is provided in Note 11a.

g) Investments

Investments are accounted for at fair value, which is considered to be market value. Value is attributed to individual unrestricted and restricted funds on an unitisation basis. Net gains and losses arising on revaluation and disposal are shown in the Statement of Financial Activities.

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The College does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the College is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Notes to the Accounts (continued)

For the year ended 31st January 2017

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the fair values at the year end and their carrying value.

h) Stock

Stocks of mementoes and wine are valued at the lower of cost and net realisable value.

i) Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

j) Cash at bank and in hand

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

k) Creditors

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

l) Financial instruments

The College only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments other than investments are initially recognised at transaction value and subsequently measured at their settlement value.

m) Pension scheme

The College operates an employer-sponsored, defined contribution Group Personal Pension (GPP) Scheme. Contributions to this scheme are allocated to individual policies held separately from the College and which are administered by Scottish Widows. Pension costs are included in staff costs on the basis of contributions payable by the College.

The aggregate value of contributions made to the pension scheme during the period amounted to £158,855 (2016: £137,894).

Notes to the Accounts (continued)

for the year ended 31 January 2017

2 Donations, grants and legacies

	2017	2016
	£	£
Donations	100,127	381,487
Grants - non contractual	186,935	438,963
Bequests and legacies	11,123	-
	<u>298,185</u>	<u>820,450</u>

3 Income from charitable activities

	2017	2016
	£	£
Subscriptions	1,468,188	1,437,242
Examinations	3,514,394	3,294,941
Education and training	968,207	915,856
Grants	162,611	35,856
Other	97,673	88,776
	<u>6,211,073</u>	<u>5,772,671</u>

Examinations and education and training income figures shown above include revenue generated by the College through assessment, specialist training and professional development activities delivered collaboratively by the Federation of Royal Colleges of Physicians. The Federation is a joint arrangement of the three medical royal colleges of physicians in the UK established to manage joint working in agreed areas and generated income of £3.3m in the year (2016: £3.2m).

4 Income from other trading activities

	2017	2016
	£	£
Letting of rooms and facilities	336,990	448,108
	<u>336,990</u>	<u>448,108</u>

5 Income from investments

	2017	2016
	£	£
Portfolio derived income	348,197	356,516
Bank deposit income	41,850	44,281
	<u>390,047</u>	<u>400,797</u>

Notes to the Accounts (continued)
for the year ended 31 January 2017

6 Expenditure on raising funds	Activities undertaken directly £	Support costs £	Total 2017 £	<i>Total 2016 £</i>
Fundraising: cost of goods sold and other costs:				
Letting of rooms and facilities	154,437	260,383	414,820	<i>464,949</i>
Investment management	43,935	18,674	62,609	<i>60,177</i>
	<u>198,372</u>	<u>279,057</u>	<u>477,429</u>	<u><i>525,126</i></u>

7 Expenditure on charitable activities	Activities undertaken directly £	Support costs £	Total 2017 £	<i>Total 2016 £</i>
Membership services	524,654	361,087	885,741	<i>875,244</i>
Quality, Research & Standards	85,289	20,866	106,155	<i>248,199</i>
Heritage	435,565	117,769	553,334	<i>453,003</i>
Assessment	2,245,472	248,783	2,494,255	<i>2,318,362</i>
Education and training	2,051,308	697,112	2,748,420	<i>2,505,760</i>
Other charitable activity	253,856	-	253,856	<i>439,751</i>
	<u>5,596,144</u>	<u>1,445,617</u>	<u>7,041,761</u>	<u><i>6,840,319</i></u>

Assessment, education and training expenditure figures shown above include resources expended by the College in delivering examinations, specialist training and professional development activities collaboratively through the Federation of Royal Colleges of Physicians. The Federation is a joint arrangement of the three medical royal colleges of physicians in the UK established to manage joint working in agreed areas. Costs in the year amounted to £2.2m (2016: £2.1m).

Other charitable activity costs relate to the design phase of the new conference centre and costs for the establishment of a distinct company for The Federation (See notes 17 (a)).

8 Grant making activities

Included within Education and Training direct costs are grants made by the College during the year totalling £323,625 (2016: £134,539) from designated and endowed funds as follows:

	2017 £	<i>2016 £</i>
Tuition fees for 18 (2016: 19) students of the Msc Internal Medicine at the University of Edinburgh	55,271	<i>53,300</i>
3-year JMAS Sim Fellowship at the University of Edinburgh - see note 18b	254,354	-
Hamlyn Research project - design of Acute Medicine admissions systems	-	<i>60,000</i>
Other bursaries and research related grants to individuals and institutions	14,000	<i>21,239</i>
	<u>323,625</u>	<u><i>134,539</i></u>

Grant making activities are largely funded through income generated by core charitable activities.

Notes to the Accounts (continued)

for the year ended 31 January 2017

9 Allocation of Governance and support costs	Total	Governance	Other support	Total
	allocated	related	costs	
	2017			
	£	£	£	£
Staff costs	1,145,146	138,538	1,006,608	1,158,732
Building upkeep, repairs and management	123,271	-	123,271	161,467
IT costs	49,742	-	49,742	63,082
Utilities	81,535	-	81,535	84,313
Travel and subsistence	71,995	-	71,995	79,311
Other general management overheads	205,056	105,252	99,804	245,202
Depreciation	47,929	4,291	43,638	52,565
	1,724,674	248,081	1,476,593	1,844,672

Support costs are apportioned to charitable activities using various bases of apportionment including square footage, staff numbers and levels of activity, with the exact basis selected according to that which best reflects the use of resources.

Governance costs	Activities			Total
	undertaken	Indirect	Total	
	directly	costs	2017	
	£	£	£	£
Staff costs	-	138,538	138,538	140,182
Auditors' fees	13,818	-	13,818	15,289
Legal and professional fees	26,061	-	26,061	48,384
Other	-	69,664	69,664	82,067
	39,879	208,202	248,081	285,922

Auditors' remuneration included an audit fee of £12,533 (2016 £14,510) and tax advisory work of £1,285 (2016: £2,400).

10 Remuneration and related party transactions	Unrestricted	Restricted	Total	Total
	funds	funds	2017	
	£	£	£	
Wages and salaries	1,881,655	171,179	2,052,834	1,996,641
Social security costs	186,721	14,319	201,040	191,860
Pension costs - Defined contribution schemes	149,309	9,546	158,855	137,894
Training and other employee costs	59,452	-	59,452	70,339
	2,277,137	195,044	2,472,181	2,396,734

Average number of employees during the period: **72** (2016: 69)

The number of employees whose emoluments exceeded £60,000 were:

£60,000 - £70,000	4	4
£90,000-£100,000	-	1
£100,000 - £110,000	1	-

Total pension contributions in the year for employees whose emoluments exceed £60,000 were £45,335 - 5 employees (2016: £44,944 - 5 employees).

The College considers its key management personnel comprise the Office Bearers, Chief Executive Officer and the Heads of Department. The total employment benefits including employer pension contributions of the key management personnel were £504,409 (2016: £493,660).

No Trustee received any remuneration during the year. Reimbursement of travel expenses to 29 (2016: 29) Council Members amounted to £65,043 (2016: £65,654). No Trustee or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year (2016: £Nil).

Notes to the Accounts (continued)

for the year ended 31 January 2017

11 Tangible fixed assets	Heritable property £	Computers and other equipment £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation					
1 February 2016	4,460,000	969,006	182,440	121,865	5,733,311
Additions	-	63,272	-	515	63,787
Disposals	-	(269,618)	-	(26,381)	(295,999)
Revaluation	-	-	-	-	-
31 January 2017	<u>4,460,000</u>	<u>762,660</u>	<u>182,440</u>	<u>95,999</u>	<u>5,501,099</u>
Accumulated depreciation					
1 February 2016	-	812,486	114,668	111,353	1,038,507
Charge for the year	-	78,939	18,244	4,689	101,872
Disposals	-	(269,618)	-	(26,381)	(295,999)
31 January 2017	<u>-</u>	<u>621,807</u>	<u>132,912</u>	<u>89,661</u>	<u>844,380</u>
Net book value at 31 January 2017	<u>4,460,000</u>	<u>140,853</u>	<u>49,528</u>	<u>6,338</u>	<u>4,656,719</u>
<i>Net book value at 31 January 2016</i>	<u>4,460,000</u>	<u>156,520</u>	<u>67,772</u>	<u>10,512</u>	<u>4,694,804</u>

The heritable property of the College was revalued by DTZ on 20 March 2015. They assessed the market value with vacant possession to be £4,460,000. The Depreciated Historic cost of Heritable property as at 31 Jan 2017 was £3,815,325 (2016: £3,815,325). During the year the College disposed of £295,999 of fully depreciated aged assets.

11a Further information on the College collection of heritage assets

Sibbald Library collection

The Sibbald Library Collection, which comprises approximately 50,000 medical books and manuscripts, has been developed over the last 330 years and is used for reference, research and education. The College occasionally makes available, on loan, items from the collection to Fellows and Members of the College and other medical institutions. At any time, approximately 50% of the Collection is on display. The remaining items are held in safe storage but access is permitted to scholars and others for research purposes, and items from storage are occasionally made available for public viewing. The College has made no disposals from its Library Collection in the last five years.

Management

The College has a long-established Library Committee which has responsibility for managing the College Collection on behalf of the charity trustees. The policy for managing the Collection, including governance rules applicable to the disposal of books, is set out in the College Laws, Chapters XVII and XVIII.

The College maintains a catalogue of its Collection of medical books and manuscripts which records the nature, provenance and current location of each asset. A manual record is complete but work remains ongoing to present the catalogue in an electronic format and to the MARC international standard.

Investment in the electronic cataloguing process has been significant over recent years, with support provided from a range of grant funders including the Wellcome Trust.

Preservation

Expenditure which, in the view of the charity trustees, is required to preserve or prevent further deterioration of the Library Collection is recognised in the Statement of Financial Activities when it is incurred. The Library Collection is also insured for the costs of repair, conservation and attempted recovery. During 2016 the College completed a refurbishment project which sought to provide a long-term solution to storage and preservation problems for its internationally renowned medical library. This £200,000 investment, supported by reserves from the Ashworth, Ferguson and Russell bequest funds, created 2,850m (1.7 miles) of state of the art, moveable shelving space with modern environmental conditions to maintain the library in an optimum state.

Paintings and other artefacts

The College maintains a complete photo and electronic record of modern and heritage paintings as well as similar records for sculptures, busts and other artefacts. Library staff are charged with ensuring that items are maintained and preserved in an appropriate condition.

Notes to the Accounts (continued)

for the year ended 31 January 2017

12 Investments	Unrestricted £	Endowment £	Total £
Opening market value at 1 February 2016	2,481,732	8,466,887	10,948,619
Additions in year	248,612	886,585	1,135,197
Disposals in year	(1,255,482)	(956,086)	(2,211,568)
Unrealised gains during year	276,299	923,676	1,199,975
Closing market value at 31 January 2017	<u>1,751,161</u>	<u>9,321,062</u>	11,072,223
Investment cash balance	<u>53,992</u>	<u>287,389</u>	341,381
Closing portfolio valuation at 31 January 2017	<u>1,805,153</u>	<u>9,608,451</u>	<u>11,413,604</u>
<i>Historical cost at year end</i>	<u>1,201,726</u>	<u>6,396,536</u>	<u>7,598,262</u>
Fixed interest	40,330	214,669	254,999
UK debenture and loan stocks	469,090	2,496,869	2,965,959
UK equities	908,329	4,834,842	5,743,171
Investments and unit trusts	273,496	1,455,760	1,729,256
Overseas	59,917	318,921	378,838
Cash	<u>53,991</u>	<u>287,390</u>	341,381
	<u>1,805,153</u>	<u>9,608,451</u>	<u>11,413,604</u>

The investments of the College are held as part of a portfolio managed by Adam & Company Investment Management Ltd. Value is attributed to individual unrestricted and endowment funds on an unitisation basis. The portfolio was reunited at the beginning of Q3 2016/17 to ensure that the capital cash and security values reflected the overall portfolio value held by each individual unrestricted and endowment fund. At 31 January 2017, Smith & Williamson Short-dated Corporate Bonds made up 13% and Findlay Park Overseas Equities made up of 5% of the total value of the College Portfolio.

All investments are carried at their fair value. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy sections of the Annual Report.

The main risk to the charity from financial instruments lies in the continuing uncertainty regarding world economic prospects leading to changeable investment markets and volatility in yield. The College manages these risks by retaining experts advisors and operating an investment policy that provides a high degree of diversification of holdings within investment asset classes. Furthermore, the portfolio does not make use of derivatives or other complex financial instruments as it takes the view that investments are held for long term return. Liquidity risk is considered low as all investments are traded in quoted public markets, primarily the London Stock Exchange, with good liquidity and trading volumes and the College has no material holdings in markets subject to exchange control or trading restrictions.

13 Debtors	2017 £	2016 £
Subscriptions and fees	178,702	81,511
Educational fee and grant debtors	58,477	116,075
Accrued income	91,382	76,374
Sundry debtors	724,632	622,986
Prepayments	137,648	143,221
VAT and tax debtor	14,949	82,867
	<u>1,205,790</u>	<u>1,123,034</u>

Notes to the Accounts (continued)
for the year ended 31 January 2017

14	Creditors: amounts falling due within one year	2017	2016
		£	£
	Trade creditors	363,920	188,045
	Other creditors and accruals	268,129	331,038
	Social security and other taxation payable	52,678	54,567
	Deferred income	<u>1,297,461</u>	<u>1,247,532</u>
		<u>1,982,188</u>	<u>1,821,182</u>

The College hosts the offices of the Scottish Academy of Medical Royal Colleges and acts as the custodian of funds employed in supporting the delivery of administrative services. The balance of funds held by the College at the year end of £12,121 (2016: £73,874) is accounted for within other creditors and accruals. The College also acts as custodian of funds for its Senior Fellows' Club. The year end balance of £7,675 (2016: £6,136) is also accounted for within other creditors and accruals.

Deferred Income

The movement in deferred income during the year is as follows:

	<i>Brought Forward</i> 31 Jan 2016	Utilised in year	Received & deferred to 2017/18	Received & deferred to future years	Carried Forward 31 Jan 2017
	£	£	£	£	£
Subscriptions	919,402	(919,402)	948,668	-	948,668
Events planned	82,323	(65,280)	84,224	12,020	113,287
Education income	260,736	(163,135)	65,327	115,155	278,083
Exam income	17,082	(17,082)	21,681	-	21,681
Grant income	<u>82,917</u>	<u>(82,917)</u>	<u>62,917</u>	<u>-</u>	<u>62,917</u>
	<u>1,362,460</u>	<u>(1,247,816)</u>	<u>1,182,817</u>	<u>127,175</u>	<u>1,424,636</u>

The deferred income above relates to subscriptions, events, exams, course and grant receipts relating to future years.

15	Creditors: amounts falling due after more than one year	2017	2016
		£	£
	Other creditors and accruals	137,886	75,636
	Deferred Income	<u>127,175</u>	<u>114,928</u>
		<u>265,061</u>	<u>190,564</u>

Other creditors falling due after more than one year relate to funding for the 3rd year of a 3-year JMAS Sim Fellowship at the University of Edinburgh - see note 8.

16	Contracts and commitments - Operating leases	2017	2016
		£	£
	The total future minimum lease payments under non-cancellable operating leases are as follows:		
	For office equipment leases expiring within one year	-	11,274
	For office equipment leases expiring within two to five years	15,832	-
	For office equipment leases expiring in more than five years	<u>188,473</u>	<u>211,899</u>
		<u>204,305</u>	<u>223,173</u>

During the year lease payments of £33,684 (2016: £28,842) were recognised as an expense to the College.

Notes to the Accounts (continued)

for the year ended 31 January 2017

17 Analysis of College net assets by fund	Fixed assets £	Investments £	Net current assets £	Long-term Liabilities £	Fund balances £
Unrestricted funds	4,655,279	1,805,153	3,679,960	(127,175)	10,013,217
Endowment funds	-	9,608,451	-	-	9,608,451
Restricted funds	1,440	-	1,882,194	(137,886)	1,745,748
	<u>4,656,719</u>	<u>11,413,604</u>	<u>5,562,154</u>	<u>(265,061)</u>	<u>21,367,416</u>

Unrestricted funds, which include designated funds, are free for use by the charity trustees in accordance with the charitable objects of the College. Endowment and restricted funds have purposes attached which, in general, are related to the provision of information to the public and education for doctors in training and in practice. Over 90% of the expendable endowment funds, which have a total value of £2,636,966 at 31 January 2017, are available for use in support of the College's core charitable activities. Further details of the designated, endowment and restricted funds held by the College can be found in note 17a, 17b and 17c respectively.

Also included within unrestricted funds is a revaluation reserve amounting to £644,675 (2016: £644,675) in relation to the College's heritable property as set out in note 11.

17a Designated funds: movements in the year

	<i>Balance at 31 January 2016</i> £	Income £	Expenditure £	Transfers £	Investment gains £	Balance at 31 January 2017 £
Education Fund	173,639	3,828	(421)	(12,884)	12,852	177,014
Fabric Fund	869,573	7,470	(113,915)	(1,038)	-	762,090
MSc Internal Medicine Fund	140,780	1,155	(55,271)	102,364	-	189,028
Prizes & awards Fund	22,958	5,197	(292)	-	-	27,863
Strategic Planning Fund	-	1,589	(139,943)	1,000,000	-	861,646
	<u>1,206,950</u>	<u>19,239</u>	<u>(309,842)</u>	<u>1,088,442</u>	<u>12,852</u>	<u>2,017,641</u>

Investments held by the Education Fund form part of the College's investment portfolio, managed by Adam & Company Investment Management Ltd. Investment income, gains and losses and related expenditure are allocated in proportion to the value of investments held by each trust or fund.

Designation of the funds

The Council of the College has chosen to designate these funds as follows:

Income derived from investment capital held in the Education Fund of £112,633 (2016: £99,782) and other reserves forming part of this fund are designated to support online education or any other purpose in line with current Education strategy. Funds will be made available on application from internal stakeholders subject to the approval of the Finance Committee.

The balance of £762,090 in the Fabric Fund has been earmarked as a contribution to the future refurbishment of the Conference Centre.

In 2013, the College, in conjunction with the University of Edinburgh, launched a new MSc in General Internal Medicine. Net proceeds from the course will provide scholarships and education appropriate for Core and Foundation Level Trainees from the UK and abroad with particular emphasis on candidates from developing countries.

The Prizes and Awards Fund is intended to benefit Fellows and Members through the provision of a range of prizes and awards which seek to promote excellence. This will form part of a prizes and awards strategy due to be implemented fully in 2017.

Monies in the Strategic Planning Fund are earmarked to support the Business Resilience Strategy of the College including Federated activity.

Notes to the Accounts (continued)
for the year ended 31 January 2017

17b Endowment funds: movements in the year

	Balance at 31 January 2016 £	Income £	Expenditure £	Transfers to/(from) Restricted funds £	Investment gains/(losses) £	Balance at 31 January 2017 £
Permanent endowments						
W A Alexander Bequest	17,308	-	-	-	2,229	19,537
Freeland Barbour Fellowship	26,497	-	-	-	3,413	29,910
Alexander Black Bequest	4,803	-	-	-	619	5,422
John Hamilton Brown Bequest	97,492	-	-	-	12,557	110,049
Sir James Cameron Bequest	8,560	-	-	-	1,103	9,663
Clouston Memorial Trust	2,968	-	-	-	382	3,350
Ghulam Mohi-Ud Din Trust	2,330	-	-	-	300	2,630
George A Gibson Lectureship	653	-	-	-	84	737
Verona Gow Bequest	85,810	-	-	-	11,052	96,862
Mohamed Haniffa Hamza Bequest	1,502	-	-	-	193	1,695
Jessie MacGregor Prize	7,122	-	-	-	917	8,039
James MacKenzie Medal	1,327	-	-	-	171	1,498
Alexander Morison Fund	451	-	-	-	58	509
Stelios Nicolaidis Fund	982	-	-	-	127	1,109
Hill Pattison-Struthers Bursaries	14,451	-	-	-	1,861	16,312
Robert Philip Memorial Lectureship	52,766	-	-	-	6,796	59,562
HGH Richards Bequest	5,891	-	-	-	759	6,650
Miss Janet Reid Trust	41,902	-	-	-	5,397	47,299
Catherine Wedderburn Rintoul Fund	58,169	-	-	-	7,492	65,661
Russell Bequest	869,739	-	-	-	112,022	981,761
John Matheson Shaw Bequest	13,474	-	-	-	1,735	15,209
Myre Sim Bequest	1,041,966	-	-	-	134,205	1,176,171
JMAS Sim Fellowship	3,583,143	-	-	-	461,506	4,044,649
Sydney Watson Smith Bequest	197,284	-	-	-	25,410	222,694
Peter Morrison Tolmie Bequest	20,486	-	-	-	2,639	23,125
Watson Lecture	1,079	-	-	-	139	1,218
Wood Bursary	17,863	-	-	-	2,301	20,164
	<u>6,176,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>795,467</u>	<u>6,971,485</u>
Expendable endowments						
Bryan Ashworth Bequest	495,600	-	-	-	63,833	559,433
Ambuj Nath Bose Bequest	509	-	-	-	66	575
William Cullen Prize	9,248	-	-	-	1,191	10,439
Stanley Davidson Trust	434,762	-	-	-	55,997	490,759
Education & Research Trust	433,799	-	-	-	55,873	489,672
Joan Ferguson Bequest	167,878	-	-	-	21,623	189,501
Marion B M Lindsay Bequest	51,808	-	-	-	6,673	58,481
Lister Fellowship	20,202	-	-	-	2,602	22,804
Charles McNeil Lectureship	14,035	-	-	-	1,808	15,843
Alexander Morison Lectureship	3,222	-	-	-	415	3,637
Marjorie Robertson Trust	705,017	-	-	-	90,805	795,822
	<u>8,512,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,096,353</u>	<u>9,608,451</u>

Investments held by each trust or fund are pooled so as to form part of the College's investment portfolio, managed by Adam & Company Investment Management Ltd. Investment income, gains and losses and related expenditure are allocated in proportion to the value of investments held by each trust or fund.

17b Endowment funds: movements in the year (continued)

Endowed funds in excess of £400,000 have the following purposes:

Russell Bequest - for the purchase, maintenance, upkeep, improvement and indexing of antiquarian books and manuscripts held by the College Library.

Myre Sim Bequest - administered by a separate committee whose stated purposes are to support the educational activities of the College, and oversee the award of Grants, Bursaries and a Collegiate members prize.

J M A S Sim Fellowship - to fund a Fellowship for research into the biochemical aspects of depressive illness.

Bryan Ashworth Bequest - for the support of the College Library.

Stanley Davidson Trust - to fund an annual endowed lecture, for the furtherance of medical knowledge and education and for the maintenance of the College.

Education and Research Trust - established in 1984 for the furtherance of education and research.

Marjorie Robertson Trust - for research, education, building or other uses at the discretion of the President and Council.

17c Restricted funds: movements in the year

The Restricted funds of the College can be split into two categories: monies which relate to specific donations or grants and are held as part of the College bank and cash balances; and restricted income funds made up of the accumulated income generated by College Endowment funds.

Where the funding is in the form of a government grant, the nature and amount of the grant is disclosed below.

Funds held as part of the College bank and cash balances

Conference Centre donations - donations for the upcoming Conference Centre redevelopment project.

EBM Training Materials - developing educational materials on topics related to evidence-based medicine.

SCLF grant - funding fellowships for doctors taking part in the Scottish Clinical Leadership programme

ePortfolio for Revalidation - developing an e-system for recertification and revalidation.

Guidance on Adolescent Medicine - guidance for doctors in managing patients transferring from paediatric to adult services.

James Lind Library - to meet the cost of activities intended to improve the content and/or functionality of the James Lind Library.

MTI Placements - to help the College assist overseas doctors wishing to undertake a fixed period of training in the UK.

MTI Placements Scotland - funding of £90,000 was received from the Scottish Government to meet the costs of appointing an additional project manager for MTI for two years. The aim being to place a minimum of an additional 15 International graduates through the Medical Training Initiative scheme.

Paley Stamp Collection - for conservation of the historic stamp collection of the College.

Pilot National Audits in Epilepsy and CAP - assessing and improving the standards of care for patients with epilepsy and community-acquired pneumonia.

Scottish Academy: External Advisor Project - funding to cover an external assessor for recruitment panels which are administered by the Scottish Academy.

SIGA (Scottish Intercollegiate Group on Alcohol) - intercollegiate body addressing problems of alcohol in society.

SHAAP (Scottish Health Action on Alcohol Problems) - a medical advocacy body on alcohol, established through SIGA and funded by the Scottish Government. Grants of £184,000 were received in the period to fund the project and its related EU Medical Advocacy activities.

Sibbald Library Restricted Fund - to maintain, support and develop the historic collections of the College Library.

SPARS - a study to assess junior doctors' prescribing experiences and preferences on drug charts currently available in Scotland.

TARGET (Targeting Adverse Risk by Generating Expert Tools) - supporting the development of a computer-based system to improve prescribing for hypertension.

Wellcome Digitisation project - A Wellcome Trust funded project to digitise and make available online a collection of over 25,000 19th century books and pamphlets.

Wellcome Duncan Project Expenditure - Grant is to fund the digitalisation of 99 casebooks digitalisation will be performed by UK archiving.

Wolfson Fund - the purchase of rare books.

Funds held as part of the College Portfolio

These are split into Permanent and Expendable endowments and represent the accumulated income generated by the College Endowments, net of fees and charitable expenditure.

Notes to the Accounts (continued)
for the year ended 31 January 2017

17c Restricted funds: movements in the year

	31 January 2016	Income	Expenditure	Transfers	31 January 2017
	£	£	£	£	£
Held as part of the College bank & cash balances					
Conference Centre donations	368,936	7,028	-	-	375,964
EBM Training Materials	7,318	55	-	-	7,373
SCLF Grant	79,077	499	(24,776)	-	54,800
ePortfolio for Revalidation	12,930	94	(878)	-	12,146
Guidance on Adolescent Medicine	17,495	131	-	-	17,626
James Lind Library	1,911	3	-	-	1,914
MTI Placements	16,645	3,070	(60)	-	19,655
MTI Placements Scotland	70,789	381	(39,778)	-	31,392
Paley Stamp Collection	1,246	9	-	-	1,255
Pilot National Audits in Epilepsy and CAP	10,410	78	-	-	10,488
Scottish Academy: External Advisor Project	-	110,465	(47,173)	-	63,292
SIGA	1,169	9	-	-	1,178
SHAAP	16,550	184,203	(162,816)	-	37,937
Sibbald Library Restricted Fund	775	4,456	(38,497)	36,000	2,734
SPARS	4,431	33	-	-	4,464
TARGET	30,470	114	(30,470)	-	114
Wellcome Digitisation project	11,109	42	(8,269)	(2,840)	42
Wellcome Duncan Project Expenditure	-	9,966	(5,015)	-	4,951
Wolfson Fund	1,929	14	-	-	1,943
	<u>653,190</u>	<u>320,650</u>	<u>(357,732)</u>	<u>33,160</u>	<u>649,268</u>
Held as part of the College Portfolio					
Permanent endowments					
W A Alexander Bequest	-	559	(73)	(486)	-
Freeland Barbour Fellowship	3,008	885	(112)	(88)	3,693
Alexander Black Bequest	1,310	167	(20)	(16)	1,441
John Hamilton Brown Bequest	30,664	3,427	(411)	(337)	33,343
Sir James Cameron Bequest	1,606	291	(657)	(29)	1,211
Clouston Memorial Trust	1,964	113	(13)	(11)	2,053
Ghulam Mohi-Ud Din Trust	2,097	94	(10)	(9)	2,172
George A Gibson Lectureship	147	22	(3)	(2)	164
Verona Gow Bequest	29,495	3,026	(4,657)	(301)	27,563
Mohamed Haniffa Hamza Bequest	568	54	(6)	(5)	611
Jessie MacGregor Prize	4,874	273	(30)	(27)	5,090
James MacKenzie Medal	1,097	53	(6)	(5)	1,139
Alexander Morison Fund	2,047	33	(2)	(3)	2,075
Stelios Nicolaidis Fund	1,500	45	(4)	(4)	1,537
Hill Pattison-Struthers Bursaries	6,987	529	(1,061)	(52)	6,403
Robert Philip Memorial Lectureship	3,780	1,743	(223)	(173)	5,127
HGH Richards Bequest	254	193	(25)	(19)	403
Miss Janet Reid Trust	13,357	1,474	(177)	(146)	14,508
Catherine Wedderburn Rintoul Fund	6,070	1,938	(245)	(192)	7,571
Russell Bequest	63,351	28,550	(62,692)	(2,845)	26,364
John Matheson Shaw Bequest	4,220	473	(57)	(47)	4,589
Myre Sim Bequest	56,357	34,223	(12,642)	(3,401)	74,537
JMAS Sim Fellowship	677,923	122,693	(270,047)	(12,214)	518,355
Sydney Watson Smith Bequest	37,693	6,721	(998)	(664)	42,752
Peter Morrison Tolmie Bequest	8,683	740	(1,086)	(73)	8,264
Watson Lecture	1,151	45	(5)	(4)	1,187
Wood Bursary	4,251	616	(1,075)	(61)	3,731
	<u>964,454</u>	<u>208,980</u>	<u>(356,337)</u>	<u>(21,214)</u>	<u>795,883</u>
Expendable endowments					
Bryan Ashworth Bequest	84,287	16,715	(15,552)	(37,748)	47,702
Ambuj Nath Bose Bequest	725	23	(2)	(2)	744
William Cullen Prize	4,166	334	(479)	(33)	3,988
Stanley Davidson Trust	68,268	14,681	(2,173)	(1,451)	79,325
Education & Research Trust	15,405	14,245	(25,211)	(1,438)	3,001
Joan Ferguson Bequest	96,886	5,978	(100,708)	(644)	1,512
Marion B M Lindsay Bequest	2,060	1,697	(219)	(169)	3,369
Lister Fellowship	8,930	733	(85)	(72)	9,506
Charles McNeil Lectureship	6,328	510	(59)	(50)	6,729
Alexander Morison Lectureship	3,390	134	(14)	(13)	3,497
Isabella Kirk Duncanson Trust	-	90,183	-	-	90,183
Marjorie Robertson Trust	49,671	23,157	(2,974)	(18,813)	51,041
	<u>340,116</u>	<u>168,390</u>	<u>(147,476)</u>	<u>(60,433)</u>	<u>300,597</u>
Total Restricted funds	<u>1,957,760</u>	<u>698,020</u>	<u>(861,545)</u>	<u>(48,487)</u>	<u>1,745,748</u>

17d Transfers between funds

Designated funds

£118,677 (2016: £98,651) was transferred in the period to the Designated Msc Internal Medicine Fund. This money represents the surplus received from the joint Msc Internal Medicine course run in partnership with the University of Edinburgh less a management administration fee of 10% of the annual revenue. This fund is to be used to sponsor tuition fees for students enrolled on the course.

£1,000,000 (2016: £Nil) was transferred in the period to the Designated Strategic Planning Fund. This is to support the Business Resilience Strategy of the College including Federation activity.

£12,500, (2016: £10,000) was made to the General Fund from the Education Fund to support educational and other developments in 2016/17.

An inter-fund charge of £17,735 (2016: £2,318) was made in favour of the General Fund against the designated funds for the cost of financial and management administration over the period. This was based on 10% of annual revenue generated by designated funds in the previous financial year (2015/16) and was allocated in proportion to the value of investments held by each trust or fund.

Endowment funds

During the period a transfer of £Nil (2016: £100,000) made from the Library funds held in the portfolio to the College Restricted income funds.

Restricted funds

Transfers of revenue were made in the year from the following Restricted Funds to the General Fund:

- £430 (2016: £447) from the WA Alexander Bequest for general costs.
- £16,500 (2016: £Nil) was transferred from the Marjorie Robertson Trust restricted income fund to support educational and other developments in 2016/17
- £2,840 (2016: £Nil) was transferred from the Wellcome Digitisation for administration costs.

Transfers between restricted funds were as follows:

- £36,000 (2016: £Nil) was transferred from the Brain Ashworth Bequest restricted income fund to the Sibbald Library Project.

An inter-fund charge of £28,717 (2016: £20,129) was made in favour of the General Fund against the restricted income funds administered as part of the College portfolio for the cost of financial and management administration over the period. This was based on 10% of annual revenue generated by each endowment in the previous financial year (2015/16) and was allocated in proportion to the value of investments held by each trust or fund.

Notes to the Accounts (continued)

for the year ended 31 January 2017

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

	2017	2016
	£	£
Net income/(expenditure) for the reporting period	1,123,628	(412,734)
Depreciation charges	101,872	103,152
(Gains)/losses on investments	(1,406,523)	489,315
Dividends, interest and rents from investments	(390,047)	(400,797)
(Increase) in stocks	(7,452)	(667)
(Increase)/ Decrease in debtors	(82,756)	211,776
Increase/ (Decrease) in creditors	235,503	(82,734)
Net cash (used in) operating activities	(425,775)	(92,689)

19 Analysis of cash and cash equivalents

Changes in net funds	31 January		1 February
	2017	Cash flows	2016
	£	£	£
Cash in hand	6,309,521	900,486	5,409,035
Cash held as part of investment portfolio	341,381	282,918	58,463
	6,650,902	1,183,404	5,467,498

20 Contingent Liability

The College has potential commitments to pay up to £36,800 (2016: £72,000) in respect of future years of three year grants awarded to MSc students. These have not been provided for in these accounts as courses are often amended or not fully completed and therefore payment is not considered to be probable.