



# **Royal College of Physicians of Edinburgh**

## **Annual Report and Accounts**

For the year ended 31 January 2023

A charity registered in Scotland, no. SC009465

## Treasurer's Report

It is my pleasure, as College Treasurer, to present the Annual Report and Accounts for 2022/23, which reviews the activities and achievements of the College over the financial year to 31st January 2023.

This Report provides a range of information required by the Office of the Scottish Charity Regulator (OSCR) and other regulatory bodies on the operations of the College, as both an independent, professional medical body and as a charity. As you would expect, at its heart is the core purpose of the College, which is to promote and improve the science and practice of medicine and in so doing improve the quality of health and patient care worldwide. The College remains well placed to provide practical guidance, resources and information to support the work and welfare of our Members and Fellows as we progress beyond the extremes of the recent COVID-19 pandemic.

During 2022-23 we continued to focus our efforts on restoring College activities back to where we were pre-COVID-19. This focus has allowed us to adapt systems and process to encompass new working environments and styles. In doing so, we now provide high-quality courses and symposia routinely as hybrid events and this increases access both in the UK and internationally, and critically allows access on-demand after the event; this has proven to be important as our colleagues address the post-pandemic demands of their clinical workload.

We continue to work closely with our Federation partners, the Royal College of Physicians (RCP) and the Royal College of Physicians and Surgeons of Glasgow (RCPSG), to provide postgraduate training, continuing professional development and the global delivery of the MRCP(UK) examination. Throughout 2022, we worked tirelessly with Federation and our sister Colleges to increase our delivery capacity, both in the UK and internationally. Supporting early career physicians to move smoothly and quickly through key stages of their training remains a primary focus. Increasingly, our attention is directed to working collaboratively with our Federation colleagues to improve the underlying IT infrastructure supporting the MRCP(UK) examination and to enhance the financial management and governance of this important partnership.

Turning to College finances, I have continued to work with the College Finance Team and CEO to further reduce operating costs where we can and I believe that the 2022/23 figures further demonstrate the results of these efforts.

Looking forward, inevitably like all other Royal Colleges, we continue to face a number of financial challenges, resultant from world events, the immediate post-pandemic period, characterised as it is by high inflation and associated economic pressures. We will continue to work hard to address and mitigate against these pressures whilst maintaining an emphasis on delivering value for our Fellows and Members. I also look forward to working with Council following its decision to carry out a wider review of College governance and in the re-refresh our five-year strategy.

Finally, I would like to extend my thanks to my colleagues on Council and the College Finance Committee, who contribute voluntarily to the work of the College and give of their precious free time, and to the staff and management of the College who, as ever, have worked tirelessly.



**Dr Kathleen White, FRCP Edin.**

# Royal College of Physicians of Edinburgh

## Annual Report and Accounts

For the year ended 31 January 2023

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The Council of the Royal College of Physicians of Edinburgh ('the College') is pleased to present its annual report for the year ended 31 January 2023, 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 and Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Reference and administrative details

**Charity name:** Royal College of Physicians of Edinburgh  
**Charity registration number:** SC009465  
**Principal office:** 11 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

Fellows based in the UK elect the constituency members of Council, and all UK and international Fellows elect the President and Vice Presidents. 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.

The Royal Charter mandates for elections to be held annually for elected members. To ensure continuity and retention of experience, elected members serve by convention a minimum of three consecutive annual terms but no more than six consecutive annual terms. Annual elections took place most recently in June 2023.

The elected members comprised:

<b>President:</b>	Professor Andrew Elder
<b>Vice Presidents:</b>	Professor Sunil Bhandari (England & Wales) Dr Conor Maguire (International) Dr Susan Pound (Scotland and Northern Ireland)
<b>Constituency members:</b>	Professor Abdallah Al-Mohammad (resigned January 2023) Dr Neeraj Bhala Dr Patricia Cantley (elected September 2022) Dr Laura Clark Dr Andrew Coull Dr Hamish Courtney Dr Alison Falconer Dr Hasnain Jafferbhoy (elected June 2023) Dr Catherine Labinjoh Dr Helen Liddicoat Dr Emmanuel Kofi Obuobie (demitted June 2023) Dr Kevin O'Kane (elected June 2023) Dr Sharan Ramakrishna (elected June 2023) Dr Caroline Scally Dr Anne Scott (resigned August 2022) Dr Arjune Sen Dr Soon Hoo Song (elected June 2023) Dr Jane Wallace Dr Caroline Whitworth (demitted June 2023)
<b>Other elected members:</b>	Dr Jonathan Guckian (Trainees and Members' Committee (Co-chair)) Dr Hannah Preston (Trainees and Members' Committee (Co-chair)) (elected September 2022) Dr Nicola Robinson (Trainees and Members' Committee) (Co-chair) (demitted September 2022)

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### Appointed members of Council

All appointed members (including honorary Office Bearers and faculty representatives) serve on Council ex-officio, are appointed by Council itself and serve annual terms, usually up to a maximum of 6 years. The appointed members comprised:

<b>Treasurer</b>	Dr Kathleen White	
<b>Secretary</b>	Professor Mark Strachan	
<b>Dean of Education</b>	Dr Kerri Baker	
<b>Dean of Examinations</b>	Dr Rod Harvey	(demitted August 2023)
	Dr Matt Thomas	(appointed Sept 2023)
<b>Dean of Quality Improvement</b>	Vacant	
<b>Dean of Training</b>	Dr Dawn Ashley	
<b>Heritage Trustee and Honorary Librarian</b>	Professor Angela Thomas	
<b>Chair of Equality, Diversity &amp; Inclusivity Grp</b>	Dr MaryAnn Ferreux	

### Other appointed members:

Professor Linda Bauld (Faculty of Public Health)  
Professor Sunil Bhandari (Academic Medicine)  
Alex MacDonald (College Lay Advisory Committee)  
Dr Martin McKechnie (Royal College of Emergency Medicine)  
(resigned August 2022)  
Professor Angela Thomas (Faculty of Pharmaceutical Medicine)

### Other principal Office Bearers

Editor-in-Chief of the Journal Dr Graeme Currie

### Trustees

Council appoints four Fellows who, together with the Treasurer (ex officio), act as Trustees and have delegated authority to manage the investment portfolio. The Trustees comprised:

Professor John Connell  
Professor Sir Alan Craft  
Dr Deepak Dwarakanath  
Ms Elaine Tait  
Dr Kathleen White (Treasurer)

### Key management personnel

Chief Executive Officer Mr Keith McKellar

### Professional advisors

The College employs the services of the following professional organisations:

#### Auditors:

Geoghegans  
Chartered Accountants  
6 Colme Street  
Edinburgh  
EH3 6AD

#### Bankers:

Bank of Scotland  
75 George Street  
Edinburgh  
EH2 3EW

#### College Clerk:

Kenneth Pinkerton  
Brodies LLP  
58 Morrison Street  
Edinburgh  
EH3 8BP

#### Investment Managers:

Quilter Cheviot Ltd  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

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### 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.

#### Governance and organisational structure

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

The College implements policy through a committee and departmental structure. The reporting line to Council is through a series of committees, which include the:

- Fellowship Committee;
- Trainees and Members' Committee;
- Education Strategy Group and various sub-committees;
- Finance Committee;
- Library and Heritage Committee; and the
- Lay Advisory Group.

It also 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 United Kingdom (the Federation). The Federation is a partnership of the three medical royal colleges of physicians in the UK, established to manage joint working in agreed areas such as assessment, specialist training and professional development activities, operating under a formal Memorandum of Agreement. The three partners involved are the Royal College of Physicians (London), the Royal College of Physicians Edinburgh and the Royal College of Physicians and Surgeons Glasgow.

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

#### Recruitment and induction 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. Fellows of the College in good standing in the UK elect the constituency members of Council. UK Collegiate Members elect members of the Trainee and Members' Committee, who in turn formally elect a Chair and Vice Chairs, with two seats at Council. Office Bearers appointed to Council are selected through open competition. Fellows 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.

On appointment or election, all elected or appointed Council members are given an induction session by the President or Chief Executive Officer. In addition, they receive literature explaining their obligations as a Charity Trustee, as well as updates on their responsibilities and related governance issues.

#### Arrangements for setting the pay and remuneration of key management personnel

The College considers that its key management personnel comprise the Office Bearers and Chief Executive Officer. 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. Cost of living awards are negotiated with Unison 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 (London) and the Royal College of Physicians and Surgeons of Glasgow. The Federation is a partnership of the three medical royal colleges of physicians in the UK established to manage joint working in agreed areas such as assessment, specialist training and professional development activities. 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

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guarantee and speaks on standards of care 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.

### 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 a 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 or Critical Care. Applications are invited annually. The College also supports a number of research fellowships, the largest of which is the JMAS Sim Fellowship, which funds research into depressive illness. Applications are normally invited on an annual basis.

## Objectives and activities

The Royal College of Physicians of Edinburgh's mission is to promote and improve the science and practice of medicine. Through its current cohort of over 14,500 Fellows and Members worldwide, it meets this purpose by maintaining standards of training, assessment and professional development and helping physicians and other medical practitioners pursue and enrich their careers by influencing health policy and through its world-renowned education and training programme.

In order to achieve its mission the College has set four strategic aims as part of its current strategy:

- To be the voice of physicians, shaping and influencing healthcare policy, maintaining and improving standards in education and training, and informing the public about key healthcare issues;
- Delivering lifelong learning to improve the practice of medicine by: (a) delivering a programme of outstanding, accessible education; (b) collaborating with other UK colleges; (c) using our library and heritage resources;
- Growing our College community by increasing Fellowship and Membership, promoting the value and benefits of belonging to an international community of physicians and their teams;
- Setting and maintaining standards in healthcare governance.

## Achievements and performance

### Membership

The Trainees and Members' Committee (T&MC) have continued their popular programme of Evening Medical Updates (EMU) in 2022-2023 with all events being held virtually but access given to live link sites across the UK and internationally. These EMUs have continued to receive excellent feedback.

The T&MC also ran their annual symposium, which was the first year that it returned to a hybrid event with attendance at the College and attendees watching online. Over 450 delegates registered and 20 poster presentations were accepted for the event. The careers and communications workstream have continued to use Twitter and Instagram to promote all College activity as well as raising awareness of other issues.

The Recently Appointed Consultants' Committee ran an evening update event on 8 November focusing on difficult treatment decisions. The event focused on two cases with short presentations and discussions from a variety of speakers. Over 500 registered for the event and was well received with good feedback.

Recruitment fared well in the wake of the pandemic. In total, 382 new Fellows were elected in 2022. The retention of Fellows and Members continued to be very good, with the vast majority renewing their annual subscriptions.

Our New Fellows' ceremonies are highly valued by Fellows but had been postponed since November 2019 because of pandemic restrictions. The President and Council were therefore delighted to welcome New Fellows and their guests to New Fellows' Ceremonies and Dinners held in the College on 17 June and 18 November 2022.

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The Fellowship Strategy Group met regularly in 2022 and made a number of recommendations to Council which were approved, including setting up a publicly accessible and searchable Open Access Directory of Fellows and Collegiate Members on the College website. A further recommendation led to Laws changes being approved at the Extraordinary Meeting of the College on 18 January 2023 to allow international Fellows and Members to attend the Annual Meeting and other meetings of the College.

Regional Adviser elections were held for a number of Regions, and new Advisers were appointed for the Yorkshire Region, Northern Region, Wales, Greater London Region, Lothian, Fife & Borders, Singapore, Qatar and South Africa.

### External relations

The Policy and Public Affairs team continued to support the College on a range of areas including media relations, engagement with stakeholders (including elected politicians and government ministers), parliamentary briefings, public consultation responses and matters of importance to Fellows and Members.

A significant theme in medicine over the past financial year has been recovery of the NHS from COVID-19, including recovery of the workforce. The Policy and Public Affairs team were heavily involved in the promotion of the annual physicians census, which is a joint project the College shares with the Royal College of Physicians of London, and the Royal College of Physicians and Surgeons of Glasgow. This year's census report was entitled *Working differently in the shadow of COVID-19*. The Policy and Public Affairs team created and executed a plan for disseminating the results of the census to Fellows and Members, the wider public, and politicians.

The College held a programme of meetings with key political and policy stakeholders across the UK to discuss healthcare and wider policy issues related to workforce challenges and ongoing public health challenges. Engagement with key parliamentary and civil service stakeholders has continued, including meetings with the Scottish Government Cabinet Secretary for Health and Social Care, the Minister for Health in Northern Ireland, and Members of the Scottish Parliament's Health and Social Care Committee.

The College continues to be represented at various cross-party groups, host Scottish Health Action on Alcohol Problems (SHAAP) and is a founder member of the Scottish Obesity Alliance.

To help maintain the high levels of communication we have with our Members, Fellows and wider stakeholders we have introduced two new platforms- DotDigital as a new email management service; this has been utilised through Membership Services to support membership renewals and will be rolled out in 2023/24 to manage all our wider email communications. External Relations have also introduced Meltwater to bring together our media and social media monitoring as well as a platform for scheduling and planning forthcoming social media across all channels. This manages all our social media streams across all College areas - key policy initiatives, educational events, membership communications as well as heritage and library services. Our social channels are key to advertising events, our membership offering, draw listeners to educational podcasts and post-event recordings, showcase partnerships, highlight our heritage and much more.

Engagement continues to grow, particularly on Twitter where the College is responsive to trending topics in the medical field.

The College's Lay Advisory Committee met regularly throughout the year and continue to exert a positive influence over the College's strategy and policy positions.

### Heritage

The College's latest exhibition, FOOD: Recipe or Remedy, opened to the public in April 2022. This exhibition uses the College's collections to explore the history of food-based medicine, gastroenterology and dieting over the last 600 years.

The College's 'Remote & Rural Remedies' touring exhibition, which explores the role of the College in developing medicine in the Highlands and Islands, opened in Gairloch in September 2022. This exhibition was covered by 161 news outlets, including The Scotsman, The Times and the BMJ.

The Heritage team continued support for other College teams, with 19 displays accompanying Education team events, 9 displays for commercial Venue events, 602 historical research enquiries from Fellows, Members and academics and 53 talks and tours for visiting Fellows and commercial clients.

The College launched a virtual tour of Edinburgh's medical history in April 2022. This particularly focuses on the College's role in key medical advances and contains an illustrated map, photographs, text and videos.

The College is developing a proactive collecting programme to acquire items to add to the College's historic collections for future generations of doctors and researchers to use. This includes carrying out interviews with currently practicing Fellows and Members across the globe about their work and the challenges they face.

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### Quality Governance Collaborative

The Quality Governance Collaborative (QGC) is committed to developing a new, integrated approach to quality governance in healthcare. The QGC brings together multi-professional groups to improve the practice of quality governance and ensure that health systems continue to deliver for patients. The QGC fellowship programme at the College, as well as a health Board specific, and international jointly run fellowship with WHO have continued and been completed with places fully subscribed. The QGC has continued to work to build links with the World Health Organization (WHO), through both the international fellowships.

Cohort 4 of the fellowship programme commenced with a full cohort of participants in June 2022 and will be due to conclude in June 2023. The cohort from NHS Greater Glasgow and Clyde completed later than anticipated due to COVID-19 restrictions and pressures.

The QGC has been contracted by the WHO Hungary country office to work on a national governance project for the introduction & development of clinical governance in the Hungarian health system. This work programme commenced in May 2022 and will conclude in September 2023 and is funded through the EU Commission.

### Education, Training and Assessment

The Educational offering from the College continues to grow and develop in response to the needs of Fellows and Members. Most educational events are now online or hybrid, allowing delegates the freedom to attend and meet colleagues, or fit CPD around work and home life. The number of events which are recorded and available on the College Education Portal to all Fellows and Members has been increased, with highlights from all Symposia and some Courses now available to access. 20,000 hours of video content were viewed on the Education Portal, supporting education, training and professional development of Fellows and Members.

During 22-23 the College delivered 46 online, hybrid and in person events, engaging with 22,735 delegates from around the world, covering topics as diverse as Neurology, Endocrinology, Biologics, Mock PACES training days, and the Edinburgh International Course in Medicine of the Older Adult. The College COP26 series of meetings looking at climate change in relation to medicine concluded in May 2022 considering the legacy of COP26 and looking forward to COP27. The Annual St Andrews' Day Festival was a highlight of the year and it was lovely to see delegates returning to the College in person.

Evening Medical Updates for trainees regularly attract over 1000 delegates. Following a similar format, International Medical Updates (IMUs) were delivered from Malaysia, Iceland, USA, India, Bangladesh, Malta and Iraq, supported by RCPE Regional Advisors.

Podcasts continue to increase in popularity with the Trainees and Members' Committee (T&MC) led podcast, Clinical Conversations, being played over 54,000 times during 2022-23. In October 2022, the T&MC-led Career Conversations podcast was launched, to provide support with career progression and to give insight into different specialties. There is also now a dedicated RCPE podcast website ([podcasts.rcpe.ac.uk](https://podcasts.rcpe.ac.uk)), providing a central hub for all College podcasts.

The College continues to work with the University of Edinburgh to deliver two MSc programmes on Internal Medicine and Critical Care. The College awarded scholarships to 12 new students from Australia, Kenya, Malaysia, Myanmar, New Zealand, South Africa, Sri Lanka, the UK and USA. The COVID-19 Critical Care MOOC delivered in partnership with the University of Edinburgh made it into FutureLearn's 100 most popular courses of all time.

Professor Liz Grant (Global Health and Development, Edinburgh University and Director of the Global Health Academy) is the new Deputy Director (International). Professor Grant will assist the College in refreshing and delivering the College's international strategy.

The Medical Training Initiative continues to grow following reduced activity during the pandemic, with the number of trainees starting placements rising from 29 to 46, a 50% increase compared with the previous year.

College partners in Malawi have completed a year of screening for hypertension in three rural health centres. The detection rate is of the order of 5–20%, in line with expectations and these patients have been referred for further treatment. In November the College delivered a free webinar to help develop services in hypertension management in Africa. Work with the clinical skills lab at Lusaka Apex Medical University (LAMU) in Zambia continues to support medical students prior to starting their hospital attachments.

The College continued its long running collaboration with Saint Peter's University Hospital in New Brunswick, USA by sending a visiting faculty to support examinations and teaching for the first time since the start of the pandemic.



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The Examinations Team have now delivered a full year of the Practical Assessment of Clinical Examination Skills (PACES) exams without any COVID amendments to the delivery format since diet 2 2022. All centres have now restarted and the College has returned to the pre-COVID delivery capacity.

The College continues to support candidates, examiners and trainee examiners who attend RCPE Examination Centres throughout the UK. Thanks go to all examiners and centre administrative staff who contribute to this work, supporting the work of the College Examination Team. New videos providing an insight into the work behind the scenes on examination days were released to promote RCPE as a centre of choice for candidates, alongside videos promoting the work of examiners. A Lothian PACES co-ordinator has been appointed to work alongside the Examination Team in the delivery of PACES locally to Edinburgh. College Fellows also continue to contribute to the development of written examinations by acting as question writers and standard setters.

It was lovely to see the return of Diploma Ceremonies to the College in 2022. Diplomats travelled from far and wide to attend, and take part in the ceremony in academic gowns, alongside College Office Bearers.

### **Corporate Services**

For the Venue team, recovery continued to be strong across the social sector with increasing demand for weddings and celebrations. This was helped by the removal of the remaining Covid restrictions. The College's historic rooms were in high demand while the Corporate and conferences market was more stable. Demand for in person events continued to grow although hybrid continues to be part of client's expectations. The College continued to be well placed to deliver high quality events across all formats – hybrid, virtual and face to face – despite recruitment challenges during the year and some reliance on agency staff.

The IT team continued to provide a solid and secure infrastructure base through which to support customer needs. A major project to upgrade the server and storage infrastructure commenced during the summer of 2022 allowing continued reliable cost effective hosting of the virtual servers that host College digital services. These services include the College's growing online Educational offering and ongoing IT support ensured that almost all events were delivered in a hybrid format. The security and safety of data remained a primary focus with priority given to security related upgrades and the College achieved Cyber Essentials certification and completed the work required to achieve Cyber Assurance Level 1. IT also helped staff through the transition to hybrid working including advising and providing equipment and software to best assist this. This process was also facilitated by replacing all staff desktop computers with higher performance and more energy efficient equipment.

HR continued to play a key role in supporting staff to work remotely, providing support and advice, preparing and assisting staff with the partial return to the office. The process of updating HR systems and records to an electronic format was completed. This has helped the team keep pace with growing staff movement and recruitment levels and in a complex and challenging recruitment market they delivered a higher number of staff recruitment campaigns compared to previous years. Learning and development opportunities continue to be promoted and all staff can attend in-person or online training courses.

### **Partnerships and collaborations**

In addition to a number of principal collaborations and partnerships noted above, for example with SHAAP and the WHO, the College also supports and contributes to the work of the UK and Scottish Academies.

In collaboration with the Scottish Academy of Medical Royal Colleges, RCPE provides secretarial and administrative services to the Scottish Academy as well as managing the External Adviser Service, a government funded programme which identifies external clinical advisers to support NHS consultant recruitment panels across Health Boards in Scotland, as required by the NHS (Appointment of Consultants) (Scotland) Regulations 2009. In 2022, the External Adviser Service accommodated 705 requests for trained External Advisers (all current NHS Clinical Consultants), from which 521 consultant appointments were made. Working with the Academy of Royal Colleges and Faculties in Scotland, a further 59 External Advisers were enlisted, bringing the total cohort of Advisers to over 400.

Alongside supporting consultant recruitment, the External Adviser Service collects and analyses qualitative and quantitative data in order to highlight recruitment concerns. The Service works collaboratively with the Government to promote pan-health board recruitment, particularly in specialties which have historically not garnered sufficient interest from potential applicants, and continues to encourage and help facilitate specialty-specific training for all External Advisers on behalf of the relevant Faculties and Royal Colleges.

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

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### Financial review

Over the reporting period, the College returned a total deficit of £152,039 (2022: surplus of £1,867,803).

#### Incoming resources

Incoming resources increased by £1,189,499 to £8,514,466 as operations returned to normal following the COVID-19 period. This also included income from clearing a backlog of candidates for exams run by Federation.

Examination income rose by £812,876. This improvement was due to a significant increase in candidates for the clinical (PACES) exams as the college returned to pre-COVID delivery capacity alongside an increase in Federation exam income from running diet 4 internationally for the first time and delivering PACES to existing and new centres, which allowed the backlog from 2020 and 2021 to be eliminated.

Education and training income rose modestly, by £30,990, building on the previous year's successful online programme, and continuing healthy demand. Postgraduate training activities managed by the Joint Royal Colleges of Physicians Training Board (PTB) was in line with the prior year. The number of students taking the MSc for Internal medicine and Critical Care programmes also rose.

Income from the letting of rooms and facilities rose by £323,065 to £581,188 following the lifting of the remaining Covid restrictions. There was improved demand for in-person events with a sharp rise in weddings as well as demand for celebration events and filming. The College also continued to deliver a range of commercial and social events through hybrid and virtual models.

The College was able to maintain income across its Membership categories. Other streams of business saw some small gains. Investment income also rose by 14% to £319,940.

The Scottish Government continued to support the work of the Scottish Health Action on Alcohol Problems (SHAAP) as well as providing ongoing funding for the External Adviser service supporting consultant recruitment across Health Boards in Scotland.

#### Resources expended

Costs have increased during the year as the College returned to more normal levels of operation. This was against a backdrop of rising inflation and significant increases in energy prices. Overall, costs increased by £1,620,329 to £7,881,096 across all funds.

Exam costs increased sharply from £1,891,792 to £2,866,633. The main driver was PACES exams, both International, which is delivered by Federation and UK, which is delivered by the College. RCPE's share of Federation PACES International costs increased from £156,475 to £595,932. Delivering PACES to existing and new international centres in 2022 enabled the backlog from 2020 and 2021 to be eliminated but at a higher cost. UK PACES costs rose from £154,281 to £361,044 as candidate numbers increased. Federation MRCP, SCE and corporate costs as well as the College's own office and support costs increased. Federation corporate costs also included the College's £156,887 share of backdated VAT charges.

Education and training costs increased by £395,702. This was due to increased charges for the delivery and development of the MSc's in Internal Medicine and Critical Care, SHAAP returning to full operations following COVID-19, additional office and support costs offset by Journal savings as the publication moved online.

As operational activities returned to more normal levels, staff costs increased, rising by £338,993 to £2,908,424. Legal and professional fees fell, reflecting the finalisation of work around the past financial management and governance of Federation and ongoing work aimed at re-defining the future governance structure of the College. These costs decreased to £103,322 from £226,383 last year.

#### Balance sheet

Investment values within the College Portfolio fell by £804,742 (7%) as markets declined due to the war in Ukraine, ongoing supply chain issues, inflation and interest rate rises. Net current assets rose by £657,148 across all funds, as working capital returned to more normal levels following the pandemic. Cash balances across all funds remain at an acceptable level to meet future financial commitments and to ensure the College is a going concern. Included within the balance sheet results is the College share of Federation assets and liabilities.

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### Federation

Examinations and education, training and assessment results for the College include revenue generated and resources expended through assessment, specialist training and professional development activities delivered collaboratively by the Federation of Royal Colleges of Physicians (see note 3 and 7). In previous years, creditors included a provision for the RCPE share of liabilities arising from the pension scheme held by Federation the value of which is determined by actuarial valuation (see note 15).

In April 2022, Shipleys LLP completed a comprehensive audit of the financial statements of Federation to December 2021 in accordance with the terms of the Memorandum of Agreement and the scope of audit agreed by the partner Colleges. Shipleys did not provide an audit opinion but did comment on areas of weakness of financial management and governance, making recommendations for improvement. Notwithstanding that the Shipleys audits were not full statutory audits, no material audit errors or misstatements were identified.

This audit confirmed that the Royal College of Physicians (London) had completed the settlement of cash owed to Federation of £5.7m (as at 31st December 2019) by the end of September 2021. Council, in accordance with charity law and their duties as charity trustees, had agreed to investigate how such a position could have arisen and any immediate and historic benefits gained by the London College by holding a debt to Federation. This investigation was completed to the satisfaction of both Council and the Office of the Scottish Charity Regulator (OSCR). The conclusion being that no further action was necessary, the matter is now considered closed.

The Federation of Royal Colleges and the partner Colleges continue to work collaboratively to enable the improvements to financial management practices and governance recommended by Shipleys LLP.

### Investment policy and performance

During 2022-23, Investments were held as part of a portfolio managed by Adam & Company Investment Management Ltd. The Trustees of the investment portfolio have instructed them to invest to maximise 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 of around £300,000 per annum but also provide for capital growth. The ethical criteria prohibit investment in companies that manufacture tobacco. The portfolio is diversified across fixed interest and equity asset classes.

Headlines in the year impacting on portfolio performance include:

- 2022 saw persistently high inflation and resulting monetary policy responses from central banks. These were a result of supply chain pressures as the world came out of the pandemic, which were exacerbated by the war in Ukraine and China's continuing zero COVID-19 policy.
- The economic environment led to sharp falls in both equity and fixed income markets - a correlated slump in both bonds and equities is a complete outlier in terms of the history of markets. Political issues also impacted, including in the UK, which took a sharp toll on assets based in this country, in particular UK gilts.
- By the end of 2023 the outlook was looking brighter, with inflation starting to recede in the US, major economies proving more resilient than had been feared and China abandoning its restrictive Covid policies. As such, risk assets started to recover.
- The portfolio's focus on short-dated bonds provided a good degree of protection from the falls in the bond market, but overall the portfolio value fell in the financial year.

The value of investments held by the College at the period end was £11,369,016 (2022: £12,173,759). Portfolio income received in the financial year was £318,065 (2022: £279,818). The portfolio total return after fees was minus 4%. The Portfolio income target and other investment objectives, as set out above, were achieved during the year.

The Trustees recognise their responsibility under the Charities and Trustee Investment (Scotland) Act 2005 to periodically examine and appraise the performance of their investment manager. Accordingly, the Trustees initiated a review of existing portfolio and investment management arrangements by an independent specialist firm. Following this review, a tender process was undertaken and Quilter Cheviot Limited were appointed as investment managers, commencing management of the portfolio on 10th March 2023. The College is working with the new investment managers to update its ethical investment policy.

### Reserves

The College has a balance of unrestricted reserves as at 31 January 2023 of £9,832,148 (2022 £9,319,628). Unrestricted reserves include fixed assets and investments of £7,499,159 leaving free reserves of £2,332,989 (see note 17). These are held as general and designated reserves and mainly comprise the value of net current assets derived from past and current unrestricted operating results. Council decide the level to hold in each reserve.

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An unrestricted revaluation reserve of £2,184,675 (2022: £2,184,675) is maintained in respect of heritable property which continues to be valued at £6m as at 31<sup>st</sup> January 2023 (see note 11). The property valuation took place in January 2020.

The College currently holds unrestricted reserves of over one year of its annual unrestricted operating costs, which is considered by the College as adequate in respect of its status as a going concern.

Unrestricted reserves exclude restricted funds of £1,701,363 (2022: £1,635,896) and endowment funds of £10,313,411 (2022: £11,043,434), most of which are used to support specific purposes attributed to those funds only.

### Assets held as custodian

The College acts as custodian of funds for administrative activities delivered on behalf of the Scottish Academy of Medical Royal Colleges and the balance of funds due to the College as at 31 January 2023 was £10,213 (2022: £12,662). The College also acts as custodian of funds for activities delivered within the Senior Fellows Club. The funds held as cash at bank by the College as at 31 January 2023 were £15,707 (2022: £14,908). For further information, see note 14.

### Risk management

The Charity Trustees of the College have established processes by which they review, identify and assess major strategic risks and ensure that appropriate controls and mitigations are in place. Responsibility for day-to-day risk management is delegated by Council to the CEO and senior management team. Operational risks are identified by that team and reported regularly to Council for discussion and approval. Risk management is a standing item on the agenda of Council with top risks summarised for Trustees, including those arising from shared activities through Federation. Reports include pre and post mitigation scoring and corrective action.

Recognised areas of risk reported to Council include:

- The continuing threat to the financial stability of the College from the operational and economic consequences of COVID-19 and the impact this could have on the ability of the College to meet the current and future needs of its membership in this important post-pandemic period.
- The importance of robust Federation operational, financial and governance arrangements, given the impact on the sustainability of this primary source of income, the long-term relationship of the College with key partners and the financial propriety of the College as a charity.
- The prospect of a Scottish vote for independence arising from post-pandemic economic and political turbulence and the impact this would have on UK and international partnerships through Federation.
- The threat to College systems from cyber-attack and the associated risk of information breach.

Remedial action to mitigate or remove these risks is focused on the following:

- Managing the underlying operational cost base of the College and seeking to grow and diversify turnover as the College returns to normal levels of operation post pandemic COVID-19. Central to this will be finding efficiencies and resourcing services appropriately.
- Maintaining a strong and influential presence at the heart of Federation to ensure it operates to the benefits of all partners. The College continues to work collaboratively with its partners to mitigate operational risks to Federation and support a programme of management and governance improvement.
- The Operational Development Group, which is chaired by the CEO, continues to focus on improving the operational systems and processes of the College and ensuring systems and information is secure.
- The College continues to monitor the current political and economic environment in which it operates and engages with appropriate stakeholder bodies so it can monitor and react to any material changes in policy or direction.

## Future plans

### Membership

Under the guidance of the Secretary, the Membership Services team will focus on the annual elections of the President, Vice Presidents and Council, with elections taking place at the Annual Meeting of the College on 30 June 2023.

Work on the subscriptions cycle has resulted in the vast majority of Fellows and Members paying their 2022/23 annual subscriptions so retention continues to be very good. Membership Services continues to work on an active rolling programme of UK and International Regional Adviser elections throughout the year, with new Advisers to be appointed for Egypt, Kenya, Oman, Caribbean, West Africa, Pakistan (Karachi, Sind & Baluchistan), and the South East Region in the UK.

# Royal College of Physicians of Edinburgh

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The Recently Appointed Consultants' Committee will be delivering two evening updates on 16 May 2023 and 7 November 2023. The November event will focus on climate change and what clinicians can do while the May event will focus on burnout and disability at work.

The Trainees and Members' Committee will be delivering their annual symposium in 2024. This event will be held in Newcastle as well as online with the call for clinical lessons and the Croom Lecture to be released in Autumn 2023. Elections for both the Trainees and Members' & Recently Appointed Consultants' Committees will be held over the Summer months for the new Committees beginning from September 2023 and January 2024.

### Quality Governance Collaborative

Applications closed in June 2023 for Cohort 5 of the fellowship programme. This Cohort is planned to commence in September 2023, and has received the most applications of any fellowship cohort yet with just over 20 applications. This cohort will also expect further applications from WHO and Australia, giving a stronger international scope for the participants. Cohort 5 also marks the introduction of the Sir William Wells Scholarship for the Quality Governance Fellowship Programme, being introduced to ensure equitable access and help interested and qualified applicants who may not be able to support themselves financially for the fellowship.

This year there is also a new tailored fellowship programme that has been developed for NHS Orkney. This shorter tailored programme commenced in March 2023 and is due to conclude in April / May 2024.

The inaugural RCPE QGC, WHOCC and FMLM Joint Governance fellowship is due to commence in January 2024, with applications open until the end of September 2023. This fellowship will be jointly run by RCPE QGC, the World Health Organization Collaborating Centre for Public Health Education and Training within Imperial College London and the Faculty of Medical Leadership in Management. This fellowship will follow the same format as the RCPE Quality Governance Fellowship with the addition of leadership and project management content additions. This will run in person in London.

The QGC will be launching a new fellowship programme entitled *Professor Aidan Halligan Memorial Fellowship*. The plan is for the cohort participants to be highly experienced directors and clinicians in the field of health. The fellowship will be hosted over a 6-month period, with no more than eight high level specialist modules. The faculty will come from both corporate and clinical bases and the development of this modular programme will continue to be peer reviewed annually. The proposed start date for this Fellowship will be January 2024, but this launch will be dependent on scope, interest and faculty capacity.

### Education, Training and Assessment

In 2023, the College Education Team will review the current offering, working with Office Bearers to analyse the latest Fellows and Members' scoping exercise, delegate feedback and content analysis, with a view to offering more joint / generalist symposia and courses. 2023 will see the return of The Edinburgh Oncology course delivered over 5 days in March and the Education Team will also be on the road delivering events in Aberdeen and Belfast with more events in Wales and the North of England planned for later in 2023 / 24. The Education Portal will be upgraded in 2023 and work is ongoing to further improve the user experience and content accessibility. T&MC and the Digital Education Team have had abstracts accepted for a variety of conferences, including the NHS Education for Scotland (NES) Conference in April. A new Recently Appointed Consultant (RAC) Podcast will launch in 2023.

RCPE and RCSEd, along with AoMRC will deliver a Women in Leadership conference in April 2023. The College will support International Medical Graduates through the delivery of educational events and deliver public educational events alongside Symposia / Courses. New courses and symposia topics will be delivered in 2023 including events with SIGN and Brain Health Scotland and delivery of a micro-credential in Palliative Care with the University of Glasgow.

To support these developments the College will expand the Intern Scheme launched in 2022 to provide work experience and paid employment for students.

Work continues to build relationships and support the College's international Fellows. IMUs will be delivered from Bangladesh, India, Nepal and South Africa.

After the year-end, the College joined the European Federation of Internal Medicine (EFIM). The College will further develop links with European colleagues through closer ties with EFIM in 2023 and will support trainees to attend European events.

Within Examinations, future developments include delivery of PACES23, a new Federation CRM and exam management system. In September 2023, a new Dean of Examinations will be appointed. The clinical skills centre in Edinburgh (CSAC) is due to be replaced with a new examinations venue in 2023/24. 2023 will also see the first RCPE Examiner annual training event at the College, to support the RCPE active examiner pool, provide updates, and present the first RCPE PACES awards.

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### Heritage

The College's Remote & Rural Remedies exhibition will continue its tour of Highlands and Islands venues by visiting the Outer Hebrides – first being displayed in Benbecula between July and September 2023 and then in Stornoway from September to December 2023.

The College opens a new temporary exhibition in its Physicians' Gallery, titled 'Skin: A Layered History' in February 2023. This exhibition explores the history of the specialty of dermatology, as well as the cultural history of skin and skin treatments.

Following this, the College's next onsite temporary exhibition will open in October 2023. This exhibition will explore the history of death, dying and palliative care in terms of death rituals and traditions and the medicalisation of the process of dying.

The College is pursuing Museum Accreditation for its Physicians' Gallery, a formal process managed by Museums Galleries Scotland and the Art Council. Becoming an approved museum has a number of advantages including: access to funding, insurance provision and ability to borrow items from other accredited museums. The process of achieving accreditation will take around two years in order for the necessary audits and approvals to be carried out.

### Corporate Services

For the Venue team the primary areas of focus in the coming year continues to be managing our highly in demand spaces and focussing on increasing utilisation during quieter periods. Financial year 2023-24 already has a high number of bookings and further increasing activity will be achieved by focusing on utilisation during quieter periods and for College rooms that are less busy. The trend continues to be towards physical in-person events and away from virtual platforms. The Venue team will also start the implementation of a new diary system and are exploring rationalising catering services, both of which will streamline our services. Furthermore, in support of the Colleges wider green initiatives, the venue is focusing on gaining green accreditation and improving energy efficiency to begin the journey towards a carbon neutral future. The latter will also address some of the recent cost pressures.

In other areas, the IT team will focus on completing the move of College virtual servers to new higher performance servers and storage. Work will also continue to progress to higher levels of security certification. 2023-24 will also see continued work on a number of website upgrades.

Finance system improvements are underway, including a new web expense system and upgraded direct debit collection software. On the HR front, the Challenging recruitment market is expected to continue and additional resources will be put in place to ensure the College can attract the best candidates. To support this, alternative recruitment routes and organisations will be utilised where required. HR is aiming to identify training needs from the annual review and development processes in order to source suitable training suppliers and courses and increase the participation rates in staff training and development activity. This will enhance management skills and support staff retention.

### 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 SORP 2019 (FRS102);
- 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. 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.

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Council is responsible for 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 20th October 2023 and signed on its behalf by:



**President: Professor Andrew Elder**

# INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE ROYAL COLLEGE OF PHYSICIANS OF EDINBURGH

## FOR THE YEAR ENDED 31 JANUARY 2023

### Opinion

We have audited the financial statements of the Royal College of Physicians of Edinburgh (the 'charity') for the year ended 31 January 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 January 2023 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)

### Basis of opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of Council with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Council is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Council

As explained more fully in the Statement of Council's Responsibilities, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council



determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures to respond to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we consider the following:

- The nature of the industry, control environment and business performance of the charity
- The requests of our enquiries with management and Council about their own identification and assessment of the risks of irregularities
- The matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we consider the opportunities and incentives that may exist within the charity for fraud. In common with all audits under ISAs (UK), we perform specific procedures to respond to the risk of management override and inappropriate income recognition.

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

We also obtain an understanding of the legal and regulatory environment in which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements and those which may be fundamental to the charity's ability to operate. The key laws and regulations we considered in this context included the Statement of Recommended Practice: Accounting for Charities FRS 102 (2019), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charity's Council, 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 Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its Council as a body, for our audit work, for this report, or for the opinions we have formed.



Geoghegans  
Statutory Auditor  
6 St Colme Street  
Edinburgh  
EH3 6AD

20 October 2023

*Geoghegans 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 2023

	Notes	2023				Total funds	2022				Total funds	
		Unrestricted funds		Restricted funds	Endowment funds		Unrestricted funds		Restricted funds	Endowment funds		Total funds
		General	Designated				General	Designated				
£	£	£	£	£	£	£	£	£	£			
<b>Income and endowments from:</b>												
Donations, grants and legacies	2	11,788	-	206,324	-	218,112	43,935	-	217,315	-	261,250	
Charitable activities	3	7,284,470	-	110,756	-	7,395,226	6,326,963	-	198,474	-	6,525,437	
Other trading activities	4	581,188	-	-	-	581,188	258,123	-	-	-	258,123	
Investments	5	23,264	7,903	288,776	-	319,943	19,998	6,103	254,056	-	280,157	
<b>Total income</b>		<b>7,900,710</b>	<b>7,903</b>	<b>605,856</b>	<b>-</b>	<b>8,514,469</b>	<b>6,649,019</b>	<b>6,103</b>	<b>669,845</b>	<b>-</b>	<b>7,324,967</b>	
<b>Expenditure on:</b>												
Raising funds	6	779,422	959	40,455	-	820,836	639,672	1,021	43,069	-	683,762	
Charitable activities	7	6,504,416	80,714	475,130	-	7,060,260	5,086,801	85,983	404,221	-	5,577,005	
<b>Total expenditure</b>		<b>7,283,838</b>	<b>81,673</b>	<b>515,585</b>	<b>-</b>	<b>7,881,096</b>	<b>5,726,473</b>	<b>87,004</b>	<b>447,290</b>	<b>-</b>	<b>6,260,767</b>	
<b>Net income/(expenditure) before gains and losses on investments</b>		<b>616,872</b>	<b>(73,770)</b>	<b>90,271</b>	<b>-</b>	<b>633,373</b>	<b>922,546</b>	<b>(80,901)</b>	<b>222,555</b>	<b>-</b>	<b>1,064,200</b>	
Actuarial gain on defined benefit pension scheme	21	19,333	-	-	-	19,333	164,358	-	-	-	164,358	
Net realised gains/(losses) on investments	12	(11,093)	(3,343)	-	(141,046)	(155,482)	4,854	1,463	-	61,716	68,033	
Net unrealised gains/(losses) on investments	12	(46,324)	(13,959)	-	(588,977)	(649,260)	41,144	12,398	-	523,120	576,662	
Loss on disposal of fixed asset	11	-	-	-	-	-	(5,450)	-	-	-	(5,450)	
<b>Net income/(expenditure)</b>		<b>578,788</b>	<b>(91,072)</b>	<b>90,271</b>	<b>(730,023)</b>	<b>(152,036)</b>	<b>1,127,452</b>	<b>(67,040)</b>	<b>222,555</b>	<b>584,836</b>	<b>1,867,803</b>	
<b>Transfers between funds</b>	17d	<b>(214,633)</b>	<b>239,437</b>	<b>(24,804)</b>	<b>-</b>	<b>-</b>	<b>(200,828)</b>	<b>223,808</b>	<b>(22,980)</b>	<b>-</b>	<b>-</b>	
<b>Net movement in funds</b>		<b>364,155</b>	<b>148,365</b>	<b>65,467</b>	<b>(730,023)</b>	<b>(152,036)</b>	<b>926,624</b>	<b>156,768</b>	<b>199,575</b>	<b>584,836</b>	<b>1,867,803</b>	
<b>Reconciliation of funds:</b>												
Total funds brought forward as restated	17	7,693,353	1,626,275	1,635,896	11,043,434	21,998,958	6,766,729	1,469,507	1,436,321	10,458,598	20,131,155	
<b>Total funds carried forward</b>	17	<b>8,057,508</b>	<b>1,774,640</b>	<b>1,701,363</b>	<b>10,313,411</b>	<b>21,846,922</b>	<b>7,693,353</b>	<b>1,626,275</b>	<b>1,635,896</b>	<b>11,043,434</b>	<b>21,998,958</b>	

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 21 to 40 form part of these accounts.

**Balance Sheet**  
as at 31 January 2023

	Notes	Total funds 2023	Total funds 2022 <i>As restated</i>
		£	£
<b>Fixed assets</b>			
Tangible fixed assets	11	6,364,794	6,271,462
Investments	12 a	11,369,016	12,173,759
Other Investments	12 b	<u>78,760</u>	<u>78,760</u>
<b>Total fixed assets</b>		<b>17,812,570</b>	<b>18,523,981</b>
<b>Current assets</b>			
Stocks		21,122	22,710
Debtors	13	1,812,662	1,282,085
Cash at bank and in hand	19	<u>6,456,828</u>	<u>5,996,731</u>
		<b>8,290,612</b>	<b>7,301,526</b>
Creditors: amounts falling due within one year	14	<u>(3,946,412)</u>	<u>(3,614,474)</u>
<b>Net current assets</b>		<b>4,344,200</b>	<b>3,687,052</b>
<b>Total assets less current liabilities</b>			
		<b>22,156,770</b>	<b>22,211,033</b>
Creditors: amounts falling due after one year	15	<u>(309,848)</u>	<u>(212,075)</u>
<b>Net assets</b>		<b><u>21,846,922</u></b>	<b><u>21,998,958</u></b>
Unrestricted funds	17	5,872,833	5,508,678
Designated funds	17a	1,774,640	1,626,275
Restricted funds	17c	1,701,363	1,635,896
Endowment funds	17b	10,313,411	11,043,434
Unrestricted revaluation reserve	17	<u>2,184,675</u>	<u>2,184,675</u>
<b>Total funds</b>	17	<b><u>21,846,922</u></b>	<b><u>21,998,958</u></b>

Approved by the Council of the College on 20th October 2023 and signed on its behalf by:



**President: Professor Andrew Elder**



**Treasurer: Dr Kathleen White**

The notes on pages 21 to 40 form part of these accounts.

**Statement of Cashflows**  
for the year ended 31 January 2023

		2023	2022
	Notes	£	£
<b>Net cash provided by operating activities</b>	18	<u>326,366</u>	<u>1,156,957</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		319,943	280,157
Purchase of property, plant & equipment		(186,213)	(95,058)
Purchase of investments		(846,424)	(2,050,905)
Proceeds from sale of investments		<u>708,330</u>	<u>1,926,082</u>
<b>Net cash provided by investing activities</b>		<b>(4,364)</b>	<b>60,276</b>
<b>Change in cash and cash equivalents in the year</b>	19	<u>322,002</u>	<u>1,217,233</u>
Cash and cash equivalent brought forward		<b>6,474,955</b>	<b>5,257,722</b>
<b>Cash and cash equivalents carried forward</b>	19	<u><b>6,796,957</b></u>	<u><b>6,474,955</b></u>

The notes on pages 21 to 40 form part of these accounts.

## 1 Statement of accounting policies

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

The College is constituted in the UK by Royal Charter and registered with the Office of the Scottish Charity Regulator (OSCR) and HM Revenue & Customs under charity number SC009465. The registered office details are shown on Page 3. 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. The accounts are prepared in pounds sterling as this is the functional currency of the charity rounded to the nearest pound.

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.

(ii) Defined benefit pension fund valuation

The Federation has a number of ex-employees who are members of a defined benefit scheme. The valuation of this scheme is determined using an actuarial valuation. The College's Accounts include a proportion of any scheme deficit which is recognised in Federation's financial statements. The actuarial valuation involves making certain assumptions to determine the amount to be recorded as the pension scheme obligation including inflation rates, member turnover, pension increases, expected return of scheme assets and discount rates. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the liabilities, such estimates are subject to significant uncertainty.

(iii) Heritable property valuation

The value of the College's heritable property is determined using a qualified chartered surveyor. The valuation involves making assumptions about the price per sq. ft. of similar property in a similar area, such estimates are subject to a degree of uncertainty as the true value can only be obtained in the open market.

**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 1 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

1 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.

*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. 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.

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 3 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 schemes**

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 Federation has a number of ex-employees who are members of a defined benefit scheme. The valuation of this scheme is determined using an actuarial valuation. The College's Accounts include a proportion of any scheme deficit which is recognised in Federation's financial statements.

**Notes to the Accounts (continued)**

for the year ended 31 January 2023

<b>2 Donations, grants and legacies</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Donations	11,788	11,088
Grants - non contractual	206,324	216,814
Furlough grant income	-	33,348
	<b>218,112</b>	<b>261,250</b>

<b>3 Income from charitable activities</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Subscriptions	1,823,474	1,812,419
Examinations	3,716,252	2,903,376
Education and training	1,532,023	1,501,033
Grants	105,578	104,878
Other	217,899	203,731
	<b>7,395,226</b>	<b>6,525,437</b>

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 generated income of £3.7m in the year (2022: £3.2m).

<b>4 Income from other trading activities</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Letting of rooms and facilities	581,188	258,123
	<b>581,188</b>	<b>258,123</b>

<b>5 Income from investments</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Portfolio derived income	318,065	279,818
Bank deposit income	1,878	339
	<b>319,943</b>	<b>280,157</b>

**Notes to the Accounts (continued)**  
for the year ended 31 January 2023

<b>6 Expenditure on raising funds</b>	Activities undertaken directly £	Support costs £	<b>Total 2023 £</b>	<i>Total 2022 £</i>
Rooms and facilities	332,455	430,404	<b>762,859</b>	627,610
Investment management	44,139	13,838	<b>57,977</b>	56,152
	<u>376,594</u>	<u>444,242</u>	<u><b>820,836</b></u>	<u>683,762</u>

  

<b>7 Expenditure on charitable activities</b>	Activities undertaken directly £	Support costs £	<b>Total 2023 £</b>	<i>Total 2022 £</i>
Membership services	424,153	473,871	<b>898,024</b>	811,638
Quality Governance Collaborative	132,272	31,297	<b>163,569</b>	100,539
Heritage	249,805	159,950	<b>409,755</b>	355,892
Examinations	2,532,939	333,694	<b>2,866,633</b>	1,891,792
Education and Training	1,852,308	852,541	<b>2,704,849</b>	2,309,147
Other charitable activity	17,430	-	<b>17,430</b>	107,997
	<u>5,208,907</u>	<u>1,851,353</u>	<u><b>7,060,260</b></u>	<u>5,577,005</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 costs in the year amounted to £2.3m (2022: £1.6m).

Other charitable activity costs included £17,430 for costs of the Intensive Support Programme. Other charitable activity costs in the prior year comprise £107,997 for consultancy costs within the Intensive Support Programme.

**8 Grant making activities**

Included within Education and Training direct costs are grants made by the College during the year totalling £79,973 (2022: £84,983) from designated and endowed funds as follows:

	<b>2023 £</b>	<i>2022 £</i>
Tuition fees for 11 (2022: 12) students of the MSc Internal Medicine at the University of Edinburgh	<b>45,262</b>	46,272
Tuition fees for 10 (2022: 12) students of the MSc Critical Care at the University of Edinburgh	<b>34,711</b>	38,711
	<u><b>79,973</b></u>	<u>84,983</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 2023

9 Allocation of governance and support costs	Total allocated	Governance related	Other support costs	Total
	2023			2022
	£	£	£	£
Staff costs	1,495,331	180,904	1,314,428	1,244,398
Building upkeep, repairs and management	118,455	-	118,455	72,915
IT costs	81,890	-	81,890	63,695
Utilities	149,725	-	149,725	101,740
Travel and subsistence	49,000	-	49,000	3,783
Other general management overheads	363,091	222,165	140,926	461,852
Depreciation	38,102	3,411	34,691	68,274
	<b>2,295,594</b>	<b>406,480</b>	<b>1,889,115</b>	<b>2,016,657</b>

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 undertaken	Indirect costs	Total	Total
	directly		2023	2022
	£	£	£	£
Staff costs	-	180,904	180,904	150,546
Auditors' fees	17,223	-	17,223	16,950
Other non-audit fees	7,893	-	7,893	6,229
Legal and professional fees	103,322	-	103,322	226,383
Other	-	97,138	97,138	92,685
	<b>128,438</b>	<b>278,042</b>	<b>406,480</b>	<b>492,792</b>

10 Staff costs	Unrestricted funds	Restricted funds	Total	Total
			2023	2022
	£	£	£	£
Wages and salaries	2,197,677	223,950	2,421,627	2,133,573
Social security costs	214,412	22,611	237,023	200,420
Pension costs - Defined contribution schemes	168,542	15,847	184,389	174,762
	<b>2,580,631</b>	<b>262,408</b>	<b>2,843,039</b>	<b>2,508,755</b>

Average number of employees during the period: 72 (62 FTE)

The number of employees whose emoluments exceeded £60,000, excluding employer pension contributions, were:

£60,000 - £69,999	2
£100,000 - £109,999	1

The College considers its key management personnel to be the Office Bearers and Chief Executive Officer. The total employment benefits of the key management personnel were £136,607 (2022: £131,920). This included pension contribution costs of £14,060 (2022: £13,650).

The value of pension contributions to be paid to the defined contribution pension scheme at the year end was £24,929 (£2022 £21,882).

Included within salary costs are £Nil (2022: £36,319) of settlement payments made during the year to members of staff as a result of restructuring.

The pension costs shown above relate to the employees of the College. The Federation of Royal Colleges of Physicians also has a number of ex-employees in a final salary pension scheme. During the current and prior financial years there were actuarial gains on this scheme and the College's share of these gains is recognised in the Statement of Financial Activities as an 'Actuarial gain on defined benefit pension scheme'.

## Notes to the Accounts (continued)

for the year ended 31 January 2023

11 Tangible fixed assets	Heritable property £	Computers and other equipment £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
1 February 2022	6,000,000	1,129,988	169,990	126,206	<b>7,426,184</b>
Additions	-	186,213	-	-	<b>186,213</b>
Disposals	-	(76,584)	-	-	<b>(76,584)</b>
31 January 2023	<u>6,000,000</u>	<u>1,239,617</u>	<u>169,990</u>	<u>126,206</u>	<u><b>7,535,813</b></u>
<b>Accumulated depreciation</b>					
1 February 2022	-	917,238	157,842	79,642	<b>1,154,722</b>
Charge for the year	-	79,606	6,100	7,175	<b>92,881</b>
Disposals	-	(76,584)	-	-	<b>(76,584)</b>
31 January 2023	<u>-</u>	<u>920,260</u>	<u>163,942</u>	<u>86,817</u>	<u><b>1,171,019</b></u>
<b>Net book value at 31 January 2023</b>	<u>6,000,000</u>	<u>319,357</u>	<u>6,048</u>	<u>39,389</u>	<u><b>6,364,794</b></u>
<i>Net book value at 31 January 2022</i>	<u>6,000,000</u>	<u>212,750</u>	<u>12,148</u>	<u>46,564</u>	<u><b>6,271,462</b></u>

The heritable property of the College was revalued by Graham and Sibbald, Chartered Surveyors, on the 31st January 2020. They assessed the market value with vacant possession to be £6,000,000. The valuation was carried out in line with IFRS 13 and guidelines issued by the Royal Institute of Chartered Surveyors. The depreciated historic cost of heritable property as at 31 January 2023 was £3,815,325 (2022: £3,815,325). Council continues to consider that the carrying value at 31 January 2023 represents the fair value at the year end.

### 11a Further information on the College collection of heritage assets

#### Sibbald Library collection

The Sibbald Library Collection, which comprises approximately 70,000 medical books objects and manuscripts, has been developed over the last 340 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 to its accessioned Library Collection in the last 5 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.

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.

#### 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 2023

<b>12 a Investments</b>	Unrestricted £	Endowment £	Total £
<i>Opening portfolio valuation at 1 February 2022</i>	1,130,325	11,043,434	<b>12,173,759</b>
<i>Less: Investment cash balance at 1 February 2022 (see note 19)</i>	<u>44,403</u>	<u>433,821</u>	<b>478,224</b>
Opening market value at 1 February 2022	1,085,922	10,609,613	<b>11,695,535</b>
Additions in year	78,649	768,414	<b>847,063</b>
Disposals in year	(80,264)	(784,187)	<b>(864,451)</b>
Unrealised gains during year	<u>(60,283)</u>	<u>(588,977)</u>	<b>(649,260)</b>
Closing market value at 31 January 2023	1,024,024	10,004,863	<b>11,028,887</b>
Investment cash balance	<u>31,581</u>	<u>308,548</u>	<b>340,129</b>
Closing portfolio valuation at 31 January 2023	<u>1,055,605</u>	<u>10,313,411</u>	<b>11,369,016</b>
<i>Historical cost at year end</i>	<u>852,649</u>	<u>8,330,509</u>	<b>9,183,158</b>
Debt and Fixed interest	219,191	2,141,528	<b>2,360,719</b>
UK equities	403,732	3,944,515	<b>4,348,247</b>
Investments and unit trusts	94,523	923,499	<b>1,018,022</b>
Overseas	306,579	2,995,320	<b>3,301,899</b>
Cash	<u>31,581</u>	<u>308,548</u>	<b>340,129</b>
	<u>1,055,606</u>	<u>10,313,410</u>	<b>11,369,016</b>

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 a unitisation basis. At 31 January 2023, AXA Fixed Interest Sterling Short Bond made up 5.80% and Findlay Park American Smaller Cos made up 5.63% 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.

<b>12 b Other investments</b>	<b>2023</b> £	2022 £
Federation of Royal Colleges of Physicians	<u>78,760</u>	<u>78,760</u>
	<b>78,760</b>	<b>78,760</b>
<b>13 Debtors</b>	<b>2023</b> £	2022 £
Subscriptions and fees	<b>222,264</b>	225,194
Educational fee and grant debtors	<b>423,504</b>	600,750
Accrued income	<b>896,402</b>	218,112
Sundry debtors	<b>42,360</b>	67,097
Prepayments	<b>226,029</b>	170,932
VAT and tax debtor	<u>2,103</u>	-
	<u><b>1,812,662</b></u>	<u>1,282,085</u>

**Notes to the Accounts (continued)**  
for the year ended 31 January 2023

<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
		£	£
	Trade creditors	264,793	208,670
	Other creditors and accruals	999,251	697,581
	Social security and other taxation payable	179,775	61,047
	Deferred income	<b>2,502,593</b>	<b>2,647,176</b>
		<b>3,946,412</b>	<b>3,614,474</b>

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 £10,213 (2022: £12,662) is accounted for within debtors. The College acts as custodian of funds for its Senior Fellows' Club. The year end balance of £15,707 (2022: £14,908) 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 2022	Utilised in year	Received & deferred to 2023/24	Received & deferred to future years	<b>Carried forward</b> 31 Jan 2023
	£	£	£	£	£
Subscriptions	1,213,558	(1,213,558)	1,192,662	41,474	<b>1,234,136</b>
Events planned	217,617	(217,617)	246,689	42,670	<b>289,359</b>
Education income	378,866	(378,866)	255,677	160,704	<b>416,381</b>
Exam income	970,024	(970,024)	766,255	-	<b>766,255</b>
Grant income	38,241	(38,241)	38,240	-	<b>38,240</b>
Other income	21,612	(21,612)	3,070	-	<b>3,070</b>
	<b>2,839,918</b>	<b>(2,839,918)</b>	<b>2,502,593</b>	<b>244,848</b>	<b>2,747,441</b>

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

<b>15</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2023</b>	<b>2022</b>
		£	<i>As restated</i> £
	Other creditors and accruals	65,000	19,333
	Deferred income	<b>244,848</b>	<b>192,742</b>
		<b>309,848</b>	<b>212,075</b>

The Other creditors and accruals balance at 31 January 2022 is a provision for the College's share of liabilities arising from the pension scheme deficit reported in Federation's financial statements. Further information is included in notes 10 and 21.

<b>16</b>	<b>Contracts and commitments – operating leases</b>	<b>2023</b>	<b>2022</b>
		£	£
	The total future minimum lease payments under non-cancellable operating leases are as follows:		
	Amounts due within 1 year	43,157	60,621
	Amounts due between 2 to 5 years	134,889	143,429
	Amounts due more than 5 years	<b>11,157</b>	<b>44,473</b>
		<b>189,203</b>	<b>248,523</b>

During the year lease payments of £61,486 (2022: £67,669) were recognised as an expense to the College.

## Notes to the Accounts (continued)

for the year ended 31 January 2023

17 Analysis of College net assets by fund in the current year (2023)	Fixed assets £	Investments £	Net current assets £	Long-term liabilities £	Fund balances 2023 £
Unrestricted funds	6,364,794	1,134,365	2,577,837	(244,848)	9,832,148
Endowment funds	-	10,313,411	-	-	10,313,411
Restricted funds	-	-	1,766,363	(65,000)	1,701,363
	<u>6,364,794</u>	<u>11,447,776</u>	<u>4,344,200</u>	<u>(309,848)</u>	<u>21,846,922</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 75% of the expendable endowment funds, which have a total value of £3,042,495 at 31 January 2023, 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 notes 17a, 17b and 17c, respectively.

Also included within unrestricted funds is a revaluation reserve amounting to £2,184,675 (2022: £2,184,675) in relation to the College's heritable property as set out in note 11. Unrestricted funds excluding the revaluation reserve total £7,647,473 (2022: £7,134,953).

Analysis of College net assets by fund in the previous year (2022)	Fixed assets £	Investments £	Net current assets £	Long-term liabilities As restated £	Fund balances 2022 As restated £
Unrestricted funds	6,271,462	1,209,085	2,051,156	(212,075)	9,319,628
Endowment funds	-	11,043,434	-	-	11,043,434
Restricted funds	-	-	1,635,896	-	1,635,896
	<u>6,271,462</u>	<u>12,252,519</u>	<u>3,687,052</u>	<u>(212,075)</u>	<u>21,998,958</u>

17a Designated funds: movements in the current year (2023)	Balance at 31 Jan 2022 £	Income £	Expenditure £	Transfers £	Investment gains £	Balance at 31 Jan 2023 £
Strategic Planning Fund	509,588	3,754	(479)	(303)	(8,644)	503,916
Fabric Fund	175,785	161	-	-	-	175,946
Innovation and Development Fund	426,265	233	(79,964)	240,042	-	586,576
Education Fund	220,538	3,495	(480)	(302)	(8,658)	214,593
Prizes and Awards Fund	50,167	37	(750)	-	-	49,454
Digital Development Fund	243,932	223	-	-	-	244,155
	<u>1,626,275</u>	<u>7,903</u>	<u>(81,673)</u>	<u>239,437</u>	<u>(17,302)</u>	<u>1,774,640</u>

Investments held as part of the Strategic Planning and Education Funds 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:

**Strategic Planning Fund-** The balance has been earmarked to support the Business Resilience Strategy of the College, including Federated activity, such as supporting the Federation IT development.

**Fabric Fund-** Support the development and reorganisation of the building and College Infrastructure for post COVID-19 re-developments.

**Innovation and Development Fund-** Support innovative projects which contribute to the development and recognition of the College and individual doctors.

**Education Fund-** Support online education or any other purposes in line with current Education strategy.

**Prizes and Awards Fund-** Intended to benefit Fellows and Members through the provision of a range of prizes and awards which seek to provide incentives to reward excellence.

**Digital Development Fund-** Support the Colleges digital transformation project and educational lectures with a digital content.

Designated funds: movements in the previous year (2022)	Balance at 31 Jan 2021 £	Income £	Expenditure £	Transfers £	Investment losses £	Balance at 31 Jan 2022 £
Strategic Planning Fund	500,505	3,033	(510)	(365)	6,925	509,588
Fabric Fund	175,889	13	-	(117)	-	175,785
Innovation and Development Fund	296,643	19	(84,983)	214,586	-	426,265
Education Fund	211,384	3,017	(511)	(288)	6,936	220,538
Prizes and Awards Fund	41,172	3	(1,000)	9,992	-	50,167
Digital Development Fund	243,914	18	-	-	-	243,932
	<u>1,469,507</u>	<u>6,103</u>	<u>(87,004)</u>	<u>223,808</u>	<u>13,861</u>	<u>1,626,275</u>



## Notes to the Accounts (continued)

for the year ended 31 January 2023

<b>17b Endowment funds: movements in current year (2023)</b>	Balance at 31 January 2022 £	Income £	Expenditure £	Transfers to/(from) Restricted funds £	Investment gains/(losses) £	Balance at 31 January 2023 £
<b>Permanent endowments</b>						
W A Alexander Bequest	22,721	-	-	-	(1,502)	21,219
Freeland Barbour Fellowship	34,784	-	-	-	(2,299)	32,485
Alexander Black Bequest	6,305	-	-	-	(417)	5,888
John Hamilton Brown Bequest	127,982	-	-	-	(8,460)	119,522
Sir James Cameron Bequest	11,237	-	-	-	(743)	10,494
Clouston Memorial Trust	3,897	-	-	-	(258)	3,639
Ghulam Mohi-Ud Din Trust	3,059	-	-	-	(202)	2,857
George A Gibson Lectureship	857	-	-	-	(57)	800
Verona Gow Bequest	112,647	-	-	-	(7,446)	105,201
Mohamed Haniffa Hamza Bequest	1,971	-	-	-	(130)	1,841
Jessie MacGregor Prize	9,349	-	-	-	(618)	8,731
James MacKenzie Medal	1,742	-	-	-	(115)	1,627
Alexander Morison Fund	592	-	-	-	(39)	553
Stelios Nicolaidis Fund	1,289	-	-	-	(85)	1,204
Hill Pattison-Struthers Bursaries	18,970	-	-	-	(1,254)	17,716
Robert Philip Memorial Lectureship	69,268	-	-	-	(4,579)	64,689
HRH Richards Bequest	7,734	-	-	-	(511)	7,223
Miss Janet Reid Trust	55,007	-	-	-	(3,636)	51,371
Catherine Wedderburn Rintoul Fund	76,361	-	-	-	(5,048)	71,313
Russell Bequest	1,141,744	-	-	-	(75,475)	1,066,269
John Matheson Shaw Bequest	17,687	-	-	-	(1,169)	16,518
Myre Sim Bequest	1,367,833	-	-	-	(90,420)	1,277,413
JMAS Sim Fellowship	4,703,743	-	-	-	(310,940)	4,392,803
Sydney Watson Smith Bequest	258,983	-	-	-	(17,120)	241,863
Peter Morrison Tolmie Bequest	26,892	-	-	-	(1,778)	25,114
Watson Lecture	1,417	-	-	-	(94)	1,323
Wood Bursary	23,449	-	-	-	(1,550)	21,899
	<u>8,107,520</u>	-	-	-	(535,945)	<u>7,571,575</u>
<b>Expendable endowments</b>						
Bryan Ashworth Bequest	519,838	-	-	-	(34,364)	485,474
Ambuj Nath Bose Bequest	668	-	-	-	(44)	624
William Cullen Prize	12,141	-	-	-	(803)	11,338
Stanley Davidson Trust	570,730	-	-	-	(37,728)	533,002
Education & Research Trust	569,467	-	-	-	(37,644)	531,823
Joan Ferguson Bequest	220,380	-	-	-	(14,568)	205,812
Marion B M Lindsay Bequest	68,011	-	-	-	(4,496)	63,515
Lister Fellowship	26,521	-	-	-	(1,753)	24,768
Charles McNeil Lectureship	18,424	-	-	-	(1,218)	17,206
Alexander Morison Lectureship	4,227	-	-	-	(280)	3,947
Marjorie Robertson Trust	925,507	-	-	-	(61,180)	864,327
	<u>11,043,434</u>	-	-	-	(730,023)	<u>10,313,411</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.

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

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

**Myre Sim Bequest** - to support educational activities and oversee the award of Grants, Bursaries and a Collegiate members prize.

**JMAS 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** - 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.

## Notes to the Accounts (continued)

for the year ended 31 January 2023

<b>17b</b> Endowment funds: movements in previous year (2022)	Balance at 31 January 2021 £	Income £	Expenditure £	Transfers to/(from) Restricted funds £	Investment gains/(losses) £	Balance at 31 January 2022 £
<i>Permanent endowments</i>						
W A Alexander Bequest	21,518	-	-	-	1,203	22,721
Freeland Barbour Fellowship	32,942	-	-	-	1,842	34,784
Alexander Black Bequest	5,971	-	-	-	334	6,305
John Hamilton Brown Bequest	121,204	-	-	-	6,778	127,982
Sir James Cameron Bequest	10,642	-	-	-	595	11,237
Clouston Memorial Trust	3,690	-	-	-	207	3,897
Ghulam Mohi-Ud Din Trust	2,897	-	-	-	162	3,059
George A Gibson Lectureship	812	-	-	-	45	857
Verona Gow Bequest	106,681	-	-	-	5,966	112,647
Mohamed Haniffa Hamza Bequest	1,867	-	-	-	104	1,971
Jessie MacGregor Prize	8,854	-	-	-	495	9,349
James MacKenzie Medal	1,650	-	-	-	92	1,742
Alexander Morison Fund	561	-	-	-	31	592
Stelios Nicolaides Fund	1,221	-	-	-	68	1,289
Hill Pattison-Struthers Bursaries	17,965	-	-	-	1,005	18,970
Robert Philip Memorial Lectureship	65,600	-	-	-	3,668	69,268
HRH Richards Bequest	7,324	-	-	-	410	7,734
Miss Janet Reid Trust	52,094	-	-	-	2,913	55,007
Catherine Wedderburn Rintoul Fund	72,317	-	-	-	4,044	76,361
Russell Bequest	1,081,280	-	-	-	60,464	1,141,744
John Matheson Shaw Bequest	16,750	-	-	-	937	17,687
Myre Sim Bequest	1,295,396	-	-	-	72,437	1,367,833
JMAS Sim Fellowship	4,454,643	-	-	-	249,100	4,703,743
Sydney Watson Smith Bequest	245,268	-	-	-	13,715	258,983
Peter Morrison Tolmie Bequest	25,468	-	-	-	1,424	26,892
Watson Lecture	1,342	-	-	-	75	1,417
Wood Bursary	22,207	-	-	-	1,242	23,449
	<b>7,678,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>429,356</b>	<b>8,107,520</b>
<i>Expendable endowments</i>						
Bryan Ashworth Bequest	492,309	-	-	-	27,529	519,838
Ambuj Nath Bose Bequest	633	-	-	-	35	668
William Cullen Prize	11,498	-	-	-	643	12,141
Stanley Davidson Trust	540,505	-	-	-	30,225	570,730
Education & Research Trust	539,309	-	-	-	30,158	569,467
Joan Ferguson Bequest	208,709	-	-	-	11,671	220,380
Marion B M Lindsay Bequest	64,409	-	-	-	3,602	68,011
Lister Fellowship	25,117	-	-	-	1,404	26,521
Charles McNeil Lectureship	17,448	-	-	-	976	18,424
Alexander Morison Lectureship	4,003	-	-	-	224	4,227
Marjorie Robertson Trust	876,494	-	-	-	49,013	925,507
	<b>10,458,598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>584,836</b>	<b>11,043,434</b>

**17c Restricted funds: movements in the current 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:**

**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.

**Disaster Recovery Kits** - provide disaster recovery boxes for the Colleges Heritage team, alongside the disaster recovery policy and procedure, to allow us to be prepared in the event of a disaster and have the equipment and training necessary to respond effectively when the Heritage collections are at risk.

**Health and Wellbeing Fund** - To support the health and wellbeing of RCPE staff.

**Intensive Support Programme**- To provide expertise to act as Programme Lead on the Standard Mortality Quality Review (SMQR) project through NHS England and NHS Improvement.

**Leo McArthur History of Medicine Award** - to meet the costs of a prize promoting medical history research.

**HP Andrew Douglas** - funding research into clinical, respiratory medicine.

**James Lind Library (JLL)** - to meet the cost of activities intended to improve the content and/or functionality of the James Lind Library. The College ceased working with the JLL in 2021/22 and transferred the remaining funds to them.

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

**MTI Placements Scotland** - to assist the College in placing 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 Adviser Project** - Scottish Government 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.

**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.

**Wellcome Ballantyne Cataloguer** - funding to catalogue and conserve an important collection on developmental medicine built up by J W Ballantyne, a pioneering specialist in ante-natal care.

**Wolfson Fund** - the purchase of rare books.

**Zambia Fund** - funding for work undertaken to support Lusaka APEX Medical University in Zambia.

**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 2023

<b>17c Restricted funds: movements in current year (2023)</b>	<b>31 January 2022</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfers</b>	<b>31 January 2023</b>
	£	£	£	£	£
<b>Held as part of the College bank &amp; cash balances</b>					
EBM Training Materials	7,515	-	-	-	7,515
SCLF Grant	32,775	-	-	-	32,775
ePortfolio for Revalidation	5,269	-	-	-	5,269
Guidance on Adolescent Medicine	17,963	-	-	-	17,963
Disaster Recovery Kits	(73)	-	-	-	(73)
Health and Wellbeing Fund	1,003	-	-	-	1,003
Intensive Support Programme	-	18,978	(17,430)	-	1,548
Leo McCarthy History of Medicine Award	1,273	-	-	-	1,273
HP Andrew Douglas	354,798	-	-	-	354,798
James Lind Library	-	-	-	-	-
MTI Placements	20,015	-	-	-	20,015
MTI Placements Scotland	7,244	-	-	-	7,244
Paley Stamp Collection	1,279	-	-	-	1,279
Pilot National Audits in Epilepsy and CAP	10,626	-	-	-	10,626
Scottish Academy: External Adviser Project	46,700	91,778	(94,656)	-	43,822
SIGA	1,200	-	-	-	1,200
SHAAP	100,414	206,325	(249,542)	-	57,197
Sibbald Library Restricted Fund	54,304	-	(11,381)	-	42,923
SPARS	4,549	-	-	-	4,549
TARGET	116	-	-	-	116
Wellcome Digitisation project	42	-	-	-	42
Wellcome Duncan Project Expenditure	-	-	-	-	-
Wellcome Ballantyne Cataloguer	5,871	-	-	-	5,871
Wolfson Fund	1,980	-	-	-	1,980
Zambia Fund	853	-	-	-	853
	<u>675,716</u>	<u>317,081</u>	<u>(373,009)</u>	<u>-</u>	<u>619,788</u>
<b>Held as part of the College portfolio</b>					
<b>Permanent endowments</b>					
W A Alexander Bequest	1,220	593	(82)	-	1,732
Freeland Barbour Fellowship	6,201	912	(127)	-	6,986
Alexander Black Bequest	2,046	166	(23)	-	2,189
John Hamilton Brown Bequest	43,958	3,376	(470)	(295)	46,569
Sir James Cameron Bequest	2,266	295	(40)	-	2,521
Clouston Memorial Trust	2,299	104	(16)	-	2,387
Ghulam Mohi-Ud Din Trust	2,491	82	(11)	-	2,562
George A Gibson Lectureship	246	23	(3)	-	266
Verona Gow Bequest	22,294	2,956	(413)	(259)	24,577
Mohamed Haniffa Hamza Bequest	801	52	(6)	-	847
Jessie MacGregor Prize	6,041	249	(35)	-	6,255
James MacKenzie Medal	1,318	47	(6)	-	1,359
Alexander Morison Fund	2,165	17	(2)	-	2,180
Stelios Nicolaidis Fund	1,681	35	(4)	-	1,712
Hill Pattison-Struthers Bursaries	8,265	502	(70)	-	8,697
Robert Philip Memorial Lectureship	11,605	1,816	(254)	(159)	13,008
HRH Richards Bequest	1,124	203	(29)	-	1,298
Miss Janet Reid Trust	13,870	1,446	(202)	(127)	14,987
Catherine Wedderburn Rintoul Fund	12,124	2,001	(10,382)	(176)	3,568
Russell Bequest	56,064	29,799	(14,426)	(2,625)	68,812
John Matheson Shaw Bequest	6,298	467	(64)	-	6,701
Myre Sim Bequest	131,676	35,762	(5,010)	(3,145)	159,283
JMAS Sim Fellowship	286,079	122,967	(82,233)	(10,816)	315,998
Sydney Watson Smith Bequest	63,519	6,808	(2,677)	(596)	67,054
Peter Morrison Tolmie Bequest	10,886	711	(98)	-	11,499
Watson Lecture	1,339	38	(6)	-	1,372
Wood Bursary	5,969	617	(88)	-	6,498
	<u>703,845</u>	<u>212,042</u>	<u>(116,773)</u>	<u>(18,197)</u>	<u>780,916</u>
<b>Expendable endowments</b>					
Bryan Ashworth Bequest	11,233	13,554	(5,081)	(1,195)	18,511
Ambuj Nath Bose Bequest	818	18	(2)	-	834
William Cullen Prize	3,073	319	(45)	-	3,347
Stanley Davidson Trust	88,059	14,953	(2,092)	(1,313)	99,607
Education & Research Trust	43,131	14,877	(4,956)	(1,309)	51,743
Joan Ferguson Bequest	7,289	5,749	(9,807)	(507)	2,724
Marion B M Lindsay Bequest	9,699	1,781	(248)	(156)	11,076
Lister Fellowship	12,114	702	(97)	-	12,719
Charles McNeil Lectureship	8,542	488	(66)	-	8,964
Alexander Morison Lectureship	3,947	114	(15)	-	4,046
Isabella Kirk Duncanson Trust	17,499	17	(1)	-	17,515
Marjorie Robertson Trust	50,931	24,161	(3,392)	(2,128)	69,572
	<u>256,335</u>	<u>76,733</u>	<u>(25,803)</u>	<u>(6,608)</u>	<u>300,659</u>
<b>Total Restricted funds</b>	<u>1,635,896</u>	<u>605,856</u>	<u>(515,585)</u>	<u>(24,804)</u>	<u>1,701,363</u>

**Notes to the Accounts (continued)**  
for the year ended 31 January 2023

17c Restricted funds: movements in the previous year (2022)	31 January 2021	Income	Expenditure	Transfers	31 January 2022
	£	£	£	£	£
<i>Held as part of the College bank &amp; cash balances</i>					
EBM Training Materials	7,514	1	-	-	7,515
SCLF Grant	32,769	6	-	-	32,775
ePortfolio for Revalidation	5,268	1	-	-	5,269
Guidance on Adolescent Medicine	17,960	3	-	-	17,963
Disaster Recovery Kits	71	-	(144)	-	(73)
Health and Wellbeing Fund	1,003	-	-	-	1,003
Intensive Support Programme	-	107,997	(107,997)	-	-
Leo McCarthy History of Medicine Award	1,273	-	-	-	1,273
HP Andrew Douglas	354,733	65	-	-	354,798
James Lind Library	2,999	-	(2,999)	-	-
MTI Placements	20,011	4	-	-	20,015
MTI Placements Scotland	7,243	1	-	-	7,244
Paley Stamp Collection	1,279	-	-	-	1,279
Pilot National Audits in Epilepsy and CAP	10,624	2	-	-	10,626
Scottish Academy: External Adviser Project	43,564	90,854	(87,718)	-	46,700
SIGA	1,200	-	-	-	1,200
SHAAP	48,292	216,829	(164,707)	-	100,414
Sibbald Library Restricted Fund	59,729	510	(5,935)	-	54,304
SPARS	4,548	1	-	-	4,549
TARGET	116	-	-	-	116
Wellcome Digitisation project	42	-	-	-	42
Wellcome Duncan Project Expenditure	1,924	(369)	-	-	-
Wellcome Ballantyne Cataloguer	5,870	1	-	-	5,871
Wolfson Fund	1,980	-	-	-	1,980
Zambia Fund	853	-	-	-	853
<i>Held as part of the College portfolio</i>	<u>630,865</u>	<u>415,906</u>	<u>(371,055)</u>	<u>-</u>	<u>675,716</u>
<i>Permanent endowments</i>					
W A Alexander Bequest	834	522	(89)	(47)	1,220
Freeland Barbour Fellowship	5,610	800	(136)	(73)	6,201
Alexander Black Bequest	1,939	145	(25)	(13)	2,046
John Hamilton Brown Bequest	41,783	2,946	(499)	(272)	43,958
Sir James Cameron Bequest	2,076	258	(44)	(24)	2,266
Clouston Memorial Trust	2,233	90	(15)	(9)	2,299
Ghulam Mohi-Ud Din Trust	2,439	71	(12)	(7)	2,491
George A Gibson Lectureship	231	20	(3)	(2)	246
Verona Gow Bequest	20,378	2,591	(439)	(236)	22,294
Mohamed Haniffa Hamza Bequest	768	45	(8)	(4)	801
Jessie MacGregor Prize	5,882	215	(36)	(20)	6,041
James MacKenzie Medal	1,289	40	(7)	(4)	1,318
Alexander Morison Fund	2,155	14	(2)	(2)	2,165
Stelios Nicolaides Fund	1,659	30	(5)	(3)	1,681
Hill Pattison-Struthers Bursaries	7,943	437	(74)	(41)	8,265
Robert Philip Memorial Lectureship	10,427	1,593	(270)	(145)	11,605
HRH Richards Bequest	992	178	(30)	(16)	1,124
Miss Janet Reid Trust	12,935	1,266	(215)	(116)	13,870
Catherine Wedderburn Rintoul Fund	11,873	1,756	(1,345)	(160)	12,124
Russell Bequest	51,026	26,249	(18,850)	(2,361)	56,064
John Matheson Shaw Bequest	5,998	407	(69)	(38)	6,298
Myre Sim Bequest	110,291	31,452	(7,230)	(2,837)	131,676
JMAS Sim Fellowship	206,070	108,156	(18,344)	(9,803)	286,079
Sydney Watson Smith Bequest	59,117	5,959	(1,010)	(547)	63,519
Peter Morrison Tolmie Bequest	10,430	619	(105)	(58)	10,886
Watson Lecture	1,315	33	(6)	(3)	1,339
Wood Bursary	5,570	540	(91)	(50)	5,969
	<u>583,263</u>	<u>186,432</u>	<u>(48,959)</u>	<u>(16,891)</u>	<u>703,845</u>
<i>Expendable endowments</i>					
Bryan Ashworth Bequest	10,276	11,950	(9,920)	(1,073)	11,233
Ambuj Nath Bose Bequest	808	15	(3)	(2)	818
William Cullen Prize	2,867	279	(47)	(26)	3,073
Stanley Davidson Trust	78,350	13,126	(2,226)	(1,191)	88,059
Education & Research Trust	38,869	13,094	(7,654)	(1,178)	43,131
Joan Ferguson Bequest	6,039	5,066	(3,359)	(457)	7,289
Marion B M Lindsay Bequest	8,542	1,564	(265)	(142)	9,699
Lister Fellowship	11,663	611	(103)	(57)	12,114
Charles McNeil Lectureship	8,230	424	(72)	(40)	8,542
Alexander Morison Lectureship	3,876	98	(17)	(10)	3,947
Isabella Kirk Duncanson Trust	17,502	2	-	(5)	17,499
Marjorie Robertson Trust	35,171	21,278	(3,610)	(1,908)	50,931
	<u>222,193</u>	<u>67,507</u>	<u>(27,276)</u>	<u>(6,089)</u>	<u>256,335</u>
<b>Total Restricted funds</b>	<u><b>1,436,321</b></u>	<u><b>669,845</b></u>	<u><b>(447,290)</b></u>	<u><b>(22,980)</b></u>	<u><b>1,635,896</b></u>

## Notes to the Accounts (continued)

for the year ended 31 January 2023

### 17d Transfers between funds

#### Designated funds

During the period £280,241 (2022: £249,825) was transferred to the designated MSc Internal Medicine Fund and MSc Critical Care Fund. These funds comprise the surplus received from the MSc Internal Medicine and MSc Critical Care courses run in partnership with the University of Edinburgh. This fund is to be used to sponsor tuition fees for students enrolled on the course.

In the prior year £10,000 was transferred to the Prize and Award Fund which is intended to benefit Fellows and Members through the provision of prizes and awards which seek to reward excellence.

An inter-fund charge of £40,803 (2022: £36,017) was made in favour of the General Fund against designated funds for the cost of financial and management administration over the period. This comprised a charge in respect of the MSc Internal Medicine course and MSc Critical Care of 10% of annual revenue. Furthermore, a charge of 10% of annual revenue generated by designated funds in the year ended 31 January 2023 was made and allocated in proportion to the value of investments held by each trust or fund.

#### Restricted funds

An inter-fund charge of £24,804 (2022: £22,980) 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 year ended 31 January 2023 and was allocated in proportion to the value of investments held by each trust or fund.

### 18 Reconciliation of net income to net cash flow from operating activities

	2023	2022
	£	As restated £
Net income/(expenditure) for the reporting period	(152,036)	1,867,803
Depreciation charges	92,881	136,429
(Gains)/ Losses on investments	804,742	(644,695)
Losses on disposal of fixed assets	-	5,450
Dividends, interest and rents from investments	(319,943)	(280,157)
Decrease in stocks	1,588	1,764
(Increase)/decrease in debtors	(530,577)	125,112
Increase/ (decrease) in creditors	429,711	(54,749)
<b>Net cash provided by operating activities</b>	<b>326,366</b>	<b>1,156,957</b>

### 19 Analysis of cash and cash equivalents

Changes in net funds	31 January	Cash flows	1 February
	2023		2022
	£	£	£
Cash in hand	6,456,828	460,097	5,996,731
Cash held as part of investment portfolio	340,129	(138,095)	478,224
	<b>6,796,957</b>	<b>322,002</b>	<b>6,474,955</b>

### 20 Contingent liabilities

Federation has now registered for VAT and during the year, the College contributed £156,887 towards Federation's historic VAT liability. Work continues, together with the Royal College of Physicians, to determine any remaining liability, of which the College may be required to incur a further share. The value of any additional liability for the College is not quantifiable at this time.

## Notes to the Accounts (continued)

for the year ended 31 January 2023

### 21 Prior year adjustment

In the Annual Report and Accounts to 31 January 2022, a liability of £183,691 was recognised as the College's share of the final salary pension scheme deficit reported in the financial statements of the Federation of Royal Colleges of Physicians. The most recent audit findings for Federation confirm that the defined benefit pension scheme is now in surplus, therefore the creditor is no longer required in either College or Federation's accounts. Further it is now clear that the College's liability as at 31 January 2022 should have been stated as £19,333. The overstated liability has been corrected by restating each of the affected line items in the accounts to 31 January 2022. The following table summarises the impact on the College's financial statements for the year ended 31 January 2022.

#### i. Statement of financial activities - extract

	Unrestricted funds			Designated	Restricted funds	Endowment funds	Total funds	Total funds	Total funds
	General	General	General				2022	2022	2022
	Impact of correction						Impact of correction		
As previously reported	Adjustments	As restated				As previously reported	Adjustments	As restated	
£	£	£	£	£	£	£	£	£	
<b>Net income/(expenditure) before gains and losses on investments</b>	922,546	-	922,546	(80,901)	222,555	-	1,064,200	-	1,064,200
Actuarial gain on defined benefit pension scheme	-	164,358	164,358	-	-	-	-	164,358	164,358
Net realised gains/(losses) on investments	4,854	-	4,854	1,463	-	61,716	68,033	-	129,749
Net unrealised gains/(losses) on investments	41,144	-	41,144	12,398	-	523,120	576,662	-	1,099,782
Loss on disposal of fixed asset	(5,450)	-	(5,450)	-	-	-	(5,450)	-	(5,450)
<b>Net income/(expenditure)</b>	963,094	164,358	1,127,452	(67,040)	222,555	584,836	1,703,445	164,358	2,452,639
<b>Net movement in funds</b>	762,266	164,358	926,624	156,768	199,575	584,836	1,703,445	164,358	2,452,639
<b>Total funds carried forward</b>	7,528,995	164,358	7,693,353	1,626,275	1,635,896	11,043,434	21,834,600	164,358	22,583,794

#### ii. Balance sheet - extract

	Total funds	Total funds	Total funds
	2022	2022	2022
	Impact of correction		
As previously reported	Adjustments	As restated	
£	£	£	£
<b>Total assets less current liabilities</b>	22,211,033	-	22,211,033
Creditors: amounts falling due after one year	(376,433)	164,358	(212,075)
<b>Net assets</b>	21,834,600	164,358	21,998,958

There is no impact on prior year amounts reported in the Statement of Cashflows as shown on page 20.

**Notes to the Accounts (continued)**  
for the year ended 31 January 2023

**22 Related parties**

No Trustee received any remuneration or benefits during the year. Reimbursement of travel expenses to 20 (2022: 9) Council Members amounted to £11,474 (2022: £4,388). 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 (2022: £Nil).

During the year the College had transactions totalling £38,503 with the Federation of Royal Colleges of Physicians. These comprised training fees and recharges of travelling expenses due from the College to Federation. At 31 January 2023 a balance of £20,124 was due to Federation.

**23 Financial instruments**

	<b>2023</b>	<b>2022</b>
	£	£
Assets measured at fair value through the Statement of Financial Activities	<b>11,369,016</b>	<i>12,173,759</i>
	<b><u>11,369,016</u></b>	<i><u>12,173,759</u></i>

Assets measured at fair value through the Statement of Financial Activities comprise investments. See note 12a.