



Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2021

A charity registered in Scotland, no. SC009465

Royal College of Physicians of Edinburgh

Treasurer's Report

For the year ended 31 January 2021

I am delighted to be able to present the Annual Report and Accounts for 2020/21, which reviews the activities and achievements of the College over the financial year to 31st January 2021.

The 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 charity. However, at its heart it places emphasis on the core purpose of the College to promote and improve the quality of health and patient care worldwide. This is delivered on behalf of the Members and Fellows through our current 5 year strategy, '*Towards 2025 together*', which sets out the primary aims and objectives of the College.

The year has been dominated by the impact of the COVID-19 pandemic on people's lives, the profession, the NHS and the College. I have great admiration and respect for the considerable efforts of physicians and their teams across the globe in the face of such an uncompromising virus.

The College has similarly responded with agility and drive to an unprecedented and seemingly ever changing situation. We reacted quickly as the impact of the virus grew establishing a [COVID-19 hub](#) to provide practical guidance, resources and information to support the work and welfare of our Members and Fellows. The College also provided weekly COVID-19 interactive updates and championed the FutureLearn resource *COVID-19 Critical Care: Understanding and Application*. The latter provided advice to healthcare workers not normally working in critical care on how to treat and care for critically ill patients, whilst protecting their own and colleagues' health and wellbeing. The College also used its well-established IT infrastructure to support its staff to work effectively from home and moved quickly to place a large part of its programme of courses, symposia and events and those of other medical specialties online; providing high quality live, interactive and streamed events.

We have also worked closely with our Federation partners, Royal College of Physicians of London and the Royal College of Physicians and Surgeons of Glasgow, to maintain as much of the MRCP (UK) examination service as possible. This was in spite of considerable limitations on travel and restrictions on capacity worldwide and culminated in the majority of examinations moving online or to a COVID safe format. Supporting physicians to move smoothly and quickly through these key stages of their early career and training remains a challenge which we are continuing to address. We are also working collaboratively with our Federation colleagues to improve the IT infrastructure and to make improvements in financial management and governance of this important partnership.

Focusing on College finances myself and the Finance Team of the College have acted with appropriate vigour to control costs over the period whilst income was greatly reduced. This has required difficult decisions at times that have had a direct impact on services and staff. Furthermore, financial challenges arising from the pandemic are still apparent and we need to employ College resources wisely, make informed choices and not act precipitously. We continue to work hard to ensure that we protect and develop the assets of the College in accordance with its strategy and mission.

Finally, I would like extend my thanks to my colleagues and others who contribute voluntarily to the work of the College and give of their precious free time at a time when that is greatly reduced.



Dr Kathleen White, FRCP Edin.

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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 2021, 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: 9 Queen Street, Edinburgh, EH2 1JQ
Main website address: <http://www.rcpe.ac.uk/>
Events website address: <https://venue.rcpe.co.uk/>

Charity Trustees

The Charity Trustees comprise elected and appointed members of Council.

Elected members of Council

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

President: Professor Andrew Elder (elected November 2019, resigned May 2020, re-elected February 2021)

Acting President: Professor Angela Thomas (appointed June 2020, demitted June 2021)

Vice Presidents: Professor Sunil Bhandari (England & Wales)
Dr Conor Maguire (International)
Dr Susan Pound (Scotland and Northern Ireland)

Constituency members:

Dr Anne Scott	Dr John Davidson
Dr Marion Slater	Dr Hamish Courtney
Professor Gregory Y H Lip	Dr Patrick Byrne
Professor Abdallah Al-Mohammad	Dr Catherine Labinjoh
Dr Alison Falconer	Dr Tom MacKay
Dr Caroline Whitworth	(elected February 2021)
Dr Kevin O'Kane	(elected February 2021)
Dr Arjune Sen	(elected February 2021)
Dr Emmanuel Kofi Obuobi	(elected February 2021)
Dr Louise Bath	(elected February 2021, resigned September 2021)
Dr Graeme Currie	(resigned April 2021)
Dr Hannah Skene	(demitted February 2021)
Dr Stuart Richie	(demitted February 2021)
Professor Jean McEwan	(demitted February 2021)
Dr Sunil Dolwani	(demitted February 2021)
Dr Paula Midgley	(demitted February 2021)

Other elected members:

Dr Nicola Robinson (Trainees & Members' Committee) (Co- chair)
Dr Jonny Guckian (Trainees & Members' Committee) (Co- chair)
(elected September 2021)
Dr Addy McLeod (Trainees & Members' Committee) (Chair)
(demitted September 2021)

Appointed members of Council

All appointed members, including honorary Office Bearers and faculty representatives serve on Council ex officio and are appointed by Council itself. The elected members comprised:

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Treasurer:	Dr Kathleen White	
Secretary:	Professor Mark Strachan	(resigned May 2020, appointed June 2021)
Interim Secretary:	Professor Jean McEwan	(appointed June 2020, demitted June 2021)
Director of Education:	Professor Jeremy Hughes	(resigned June 2021)
	Dr Kerri Baker	(appointed October 2021)
Director of Examinations:	Dr Rod Harvey	
Director of Quality, Research and Standards:	Dr Jean MacLeod	
Director of Training:	Dr Mike Jones	(resigned June 2020)
	Dr Barbara Dawn Ashley	(appointed September 2020)
Director of Heritage:	Professor Angela Thomas	
Director of RCPE Manchester:	Professor Peter Trainer	(resigned September 2020)
	Vacant	

Other principal Office Bearers

Editor-in-Chief of the Journal Dr Vinod Ravindran

Other appointed members:

Professor John Connell (Academic Medicine) (demitted February 2021)
 Vacant (Academic Medicine)
 Professor Angela Thomas (Faculty of Pharmaceutical Medicine)
 Dr Martin McKechnie (Royal College of Emergency Medicine)
 Dr Mark Kroese (Faculty of Public Health) (resigned June 2021)
 Professor Linda Bauld (Faculty of Public Health) (appointed October 2021)
 Alex MacDonald (College Lay Advisory Committee)

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:

Dr Kathleen White
 Professor John Connell (appointed February 2021)
 Professor Sir Alan Craft (appointed February 2021)
 Dr Deepak Dwarakanath (appointed April 2021)
 Ms Elaine Tait (appointed April 2021)
 Dr Michael Watson (resigned February 2021)
 Professor David Lawson (resigned September 2020)
 Dr Anthony Toft (resigned September 2020)
 Professor Robert Wood (resigned September 2020)

Key management personnel

Chief Executive Officer Mr Keith McKellar

Professional advisors

The College employs the services of the following professional organisations:

Auditors:

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

Principal bankers:

Bank of Scotland
 75 George Street
 Edinburgh
 EH2 3EW

Solicitors:

Gillespie Macandrew LLP
 5 Atholl Crescent
 Edinburgh
 EH3 8EJ

Investment advisors:

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

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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 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: Royal College of Physicians London, Royal College of Physicians Edinburgh and 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 of 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

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both the Academy of Medical Royal Colleges, known as the 'UK Academy', and the Academy of Medical Royal Colleges and Faculties in Scotland, known as the 'Scottish Academy'. The UK Academy is a charity incorporated as a company limited by guarantee and speaks on standards of care 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 mission is to promote and improve the quality of health and patient care worldwide. Through its current cohort of over 14,000 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 5 year strategy:

- To be the voice of physicians, shaping and influencing healthcare policy around the world;
- To build an inclusive and collaborative global community that supports physicians across all stages of their careers, furthering the College's network of Fellows and Members;
- To deliver lifelong learning for a sustainable health system using the College's expertise, heritage and cutting-edge technology to benefit physicians and patients;
- To create a world-class infrastructure that underpins everything we do.

Achievements and performance

The past year has seen unprecedented disruption across the global economy and throughout society. The College's Fellows and Members have been at the forefront of tackling the COVID-19 pandemic and continue to experience the widespread impact of COVID-19. The College has managed these rapidly changing circumstances both responsively and proactively. All aspects of College work have been affected and each department has adapted and evolved.

The College's education programme adjusted very rapidly to deliver both the planned programme and additional material to support our Fellows and Members during the pandemic. The College has streamed COVID-19 webinars, and recorded podcasts. Over 16 weeks the College delivered 44 COVID-19 webinars on Thursday evenings to 14,889 participants in real time with 21,000 subsequent viewings online; participants from 118 countries submitted 1,715 questions. In parallel the Trainees and Members Committee delivered 12 podcasts with 4,544 listens on Soundcloud. The updated 'wellbeing' resources on the College's education portal were used by 6,571 people over that period, and the 'clinical' resources on the portal were visited by 6,930 people in the first month.

In the year from March 2020, the College also delivered 44 educational events that were not about COVID-19 to 27,282 delegates, continuing vital provision of clinical updates and CPD.

Together with the University of Edinburgh, the College launched a FutureLearn *COVID-19 Critical Care: Understanding and Application* essential free online course for frontline clinical staff. 50,000 learners from 200 countries have already taken this

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short online course. This free education resource teaches the daily practice for critical care patients with or without COVID-19, how to apply ventilation and organ support principles to a critically ill COVID-19 patient and much more.

The College communicated the views of Fellows and Members to policy makers and the public on topics ranging from end-of-life care (including visiting rights during the pandemic), future pandemic planning, COVID-19 testing for NHS staff, COVID-19 vaccination priorities, and public health messages about COVID-19. This was often done in collaboration with the Academy of Medical Royal Colleges and the Scottish Academy of Medical Royal Colleges and Faculties. The College worked particularly closely with the Royal College of Physicians and Surgeons of Glasgow and the Royal College of Surgeons of Edinburgh. These collaborative interventions presented a united medical voice on the greatest public health issue of our time.

In the early stages of the pandemic, there was considerable concern about the stock levels and suitability of personal protective equipment (PPE) available to frontline health and care professionals in the UK. Along with other professional medical groups, the College urgently lobbied the UK Government and devolved administrations, including the Scottish Government, to ensure that health and care workers had the protection they needed to stay safe and remain on the frontline of the fight against COVID-19. As a result, the four nations of the UK revised their guidelines.

Colleagues across the College worked to quickly establish the COVID-19 Hub area of the main College website to share important information from our partners, including Public Health agencies, the NHS and the Federation of the Royal Colleges of Physicians of the UK; and the latest research and advice relating to COVID-19 as it developed. The Hub promoted and directed visitors to register for the COVID-19 talks and to watch the latest content on the Education Portal; it has received some 35,000 views.

The College's Heritage Department launched a COVID-19 digital archive that documents the experiences of healthcare workers living and working through the pandemic. A wide range of Fellows and Members from different medical specialties have been interviewed about their experiences during the COVID-19 pandemic.

During 2020, our followers on Twitter increased by 19%, on Facebook by 23% and on LinkedIn by 75% from 2019 figures, due to carefully coordinated plans to engage more effectively with our target audiences. Further work to use social media to disseminate important messages linked to our policy activity and the rapid assessment of views and opinions has also assisted in this regard.

A significant part of College activity is guided and delivered by its Fellows and Members. Their support is given on a voluntary basis and the College very much values their input and expertise, particularly at a time when it is becoming increasingly difficult for doctors to find time away from clinical practice. In addition, the College is fortunate to have the support of an energetic Lay Advisory Committee which is fully engaged in College affairs and which adds a valuable external perspective to the decision making process. The value of services provided by volunteers although significant has not been included in these accounts, as it is not easily quantifiable.

The pandemic resulted in the cancellation of all MRCP(UK) assessments from March until September 2020. After extensive discussions and two successful pilots, written examinations in the UK have moved to online for both parts 1 and 2, thus increasing capacity and reducing the risk of cancellation at short notice in any emergency. The Practical Assessment of Clinical Examination Skills (PACES), with direct physical encounters greatly valued by trainees as an assessment of key skills, was more challenging to organise. However, since the restart in September 2020, more than 11,000 candidates have been examined across the world, and 1,400 candidates assessed by PACES, with plans to ensure the College maintains this momentum.

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

Financial Review

Over the reporting period, the College returned a total deficit of £479,268 (2020: surplus £2,478,041).

Incoming resources

Incoming resources decreased by £2,429,718 to £6,146,769, primarily due to the impact of COVID-19 restrictions on operations.

Examination income fell by £1,876,914 over the period due to significant operational restrictions, especially overseas, including limitations on travel of examiners. In the latter part of the year the MRCP (UK) written exam was able to run successfully online and candidates taking the clinical examination (PACES) through Edinburgh were able to return despite significant limits on capacity.

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Education and training income also fell by £419,305 as a number of key courses could not go ahead and other streams of business including the Quality Governance Collaborative were postponed. Considerable work was done to move the autumn programme of educational events online which mitigated the financial impact to some degree.

Trading activities were significantly impacted generating only £46,108 from letting of rooms and facilities for the year. The College sought to retain business by postponing events to future years. In the latter part of the period some events were delivered through newly developed hybrid and remote products.

Finally, income from investments fell by 26% albeit consistent with the fluctuations in the market.

Despite the effects of COVID-19 the College was able to maintain income across some areas of activity. Membership income grew by £100,986 as the College benefited from an increase in the number of new Fellows joining. Income generated through Federation training activities also remained stable throughout the year. Furthermore, the College was fortunate to benefit from the receipt of several unrestricted ad hoc bequests and legacies totalling £139,913. The College chose to protect these free reserves by transferring them to designated funds in support of the College's digital transformation project, recognition of excellence and education initiatives.

The College was also the recipient of government support through the furlough scheme of £224,514 and used other support mechanisms to underpin its cashflow position.

Resources expended

The management of costs over the period was central to coping with the effects of COVID-19 on the operations of the College and ensuring it maintained its status as a going concern. Overall, costs decreased by £2,092,278 to £6,490,717 across all funds as activity slowed or was put on hold.

Examination costs fell by £881,021 due to extensive cancellation or postponements of written and clinical examinations in particular overseas.

Education and training costs decreased by £733,636 following postponement of a number of Quality Governance Collaborative courses and cessation of awards through the JMAS Sim fellowship. Swift action to move to online delivery of the autumn programme of educational symposia and courses also saw delivery costs reduce.

The College was unable to deliver a number of its headline membership events in 2020 due to restrictions on activity and travel from overseas. The membership admission and diploma ceremonies were cancelled and the annual St Andrews Day festival was delivered online with over 700 physicians attending.

Significant intervention was necessary to control salary costs over the period. This focused on a restructure of the senior management team and re-organisation of some staff. A small number of redundancies resulted. Furthermore, the College imposed a short-term recruitment freeze and applied no salary uplift for staff. Consequently, salary costs reduced by £164,643 over the period. The annual effect on salary costs going forward will be to see them fall annually by around £500,000.

Support cost levels remained consistent with prior years despite reduced activity in several areas of the College. Although savings were achieved across several business areas such as travel, building, marketing and other operational costs, the benefits gained were offset by a significant increase in professional fees. These rose by £347,777 to £415,355 due to unexpected and exceptional legal costs necessary to address events surrounding the position of President and a need during the period to investigate the past financial management and governance of Federation and reconsider its processes and governance for the future.

Balance sheet

Investment values within the College Portfolio were maintained over the period despite significant fluctuations in the investment market. Net assets reduced significantly, down £479,268 across all funds, with the deficit in year impacting on available working capital in particular cash reserves in the General Fund. Budgets for 2021 reflected the need to address this deficit. Despite the pressure on working capital, 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, subject to the following comments in respect of debt owed by the London College to Federation.

Federation audit

In April 2021, Shipleys LLP completed a comprehensive but long-delayed audit of the financial statements of Federation for 2019 in accordance with the terms of the Memorandum of Agreement and the scope of audit agreed by the partner Colleges. Subsequently, the same firm conducted the audit of the financial statements to December 2020. As both audits

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were non-statutory, 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.

The audit in 2019 confirmed that the Royal College of Physicians of London owed Federation cash of £5.7m at 31st December 2019. The London College has made payment to Federation in settlement of that. Council in accordance with charity law and their duties as charity trustees must 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 remains active.

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

Investments are held as part of a portfolio managed by Adam & Company Investment Management Ltd. The Trustees 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 current 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 during the year in respect of portfolio performance include:

- The world's economies were thrown completely off-course in 2020 by the rapid spread of COVID-19. This led to steep fall in equity markets in the early part of the year. Confidence returned in the autumn with equities receiving a boost when vaccine trials commenced.
- The portfolio continues to hold fixed income assets for diversification and as a "shock absorber" against the more volatile equity market.
- The portfolio benefited from being underweight to UK equities, where returns were much weaker than for most overseas markets.
- The portfolio is beginning to see growth as major economies such as China and the US recover from the pandemic. Company earnings have also bounced back since the start of the vaccination programme and as confidence grows particularly in sectors that suffered the most through the pandemic, such as leisure.

The value of investments held by the College at the period end was £11,529,063 (2020: £11,664,383). Income received in the financial year was £250,209 (2020: £336,835). The portfolio total return after fees was 1.15% versus a benchmark return of -2.39%.

Reserves

The College has a balance of unrestricted reserves as at 31 January 2021 of £8,236,236 (2020 restated £8,672,075). Unrestricted reserves include fixed assets and investments of £7,467,508 leaving free reserves of £768,728 (see note 17). These are held as general and designated reserves and comprise the value of assets and investments derived from past and current unrestricted operating results. Unrestricted reserves have been adjusted by £183,690 to account for a liability arising pre 2019-20 in relation to the Colleges share in the Federation of Royal Colleges of Physicians pension scheme liability (see note 21).

An unrestricted revaluation reserve of £2,184,675 (2020: £2,184,675) is maintained in respect of heritable property which was valued at £6m as at 31st January 2021 (see note 11). The property valuation took place in January 2020.

The College currently holds unrestricted reserves of over one times, its annual unrestricted operating costs. Despite the impact of COVID-19 on operations during 2020, the College continues to hold adequate reserves with no unease in respect of its status as going concern.

Unrestricted reserves exclude restricted funds of £1,436,321 (2020: £1,356,995) and endowment funds of £10,458,598 (2020: £10,581,353), 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 activities delivered on behalf of the Scottish Academy of Medical Royal Colleges and the Senior Fellows Club. The funds held as cash at bank by the College as at 31 January 2021 totalled £18,163 (2020: £14,971). For further information, see note 14.

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Risk management

The Charity Trustees of the College have implemented processes by which they review, identify and assess major strategic risks and ensure that controls have been put in place, where necessary, to mitigate those risks. Responsibility for day-to-day risk management is delegated by Council to the 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 along with the direction of change.

Areas of significant risk reported to Council to date 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 our membership .
- Remaining financial, governance and status concerns over Federation activity which could 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.
- The threat to College systems from cyber-attack and the associated risk of information breach
- Insufficient focus on action to address climate change

Remedial action to mitigate or remove these risks is primarily focused on maintaining a strong presence at the heart of Federation, supporting its programme of management and governance improvement and ensuring it operates to the benefits of all partners. The College also continues to monitor the impact of work done to reduce the operational cost base of the College, repair levels of working capital and manage expenditure commitments. A newly established Operational Development Group has been tasked with enhancing those current cyber-security measures already in place. This will include seeking Cyber-Essentials accreditation and working closely with a new Audit and Governance Committee to ensure robust management of information.

Future plans

The College's programme of events and training will continue to be delivered online in 2021, bringing quality education to clinicians at home or in the workplace. To reflect this new approach, we have reduced the cost of symposia and added the flexible option of attending for a half day. College symposia cover general and acute medical specialties, with an emphasis on practical clinical issues. Delivered through lectures, interactive debates and workshops, our events keep clinicians up-to date with the latest clinical practice and research.

The College will engage with candidates and then newly elected MSPs and Scottish Government following the Scottish Parliament election in May 2021. Policy work will continue to be informed by the views of our Fellows and Members. The College also intends to maintain and improve its engagement with governments and political stakeholders across the UK to ensure that the views of our Fellows and Members are fully represented. Further work will be done to enhance the College's media profile, to highlight its position on policy issues as well as key events.

A joint fellowship programme between the College's Quality Governance Collaborative and the WHO Collaborating Centre for Public Health Education and Training - Imperial College London is planned for 2021.

The Federation of Royal Colleges of Physicians of the UK is investing in new digital systems and improvements to its technical infrastructure to greatly improve the user experience for candidates, trainees, CPD diary users and the many clinicians who provide invaluable support to deliver its educational activities. This has already begun with the successful introduction of online delivery of MRCP(UK) written examinations alongside the existing paper-based examinations, traditionally sat in centres in the UK and around the world.

The College remains focused on engaging its membership in its principal activities by helping to engineer capacity for doctors to support the College, and by recognising their efforts.

While the pandemic continues to impact on the College's venue bookings, the events team have rapidly adapted to the provision of virtual and hybrid events for both internal and external events. In response to increasing demand, the College

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has developed packages that can be broadcast to numbers of up to 4,000 delegates worldwide. Holding virtual and hybrid events bring a number of benefits, including improved accessibility, increased delegate attendance and additional opportunities for digital interaction. As restrictions have eased in 2021, a number of College and commercial delegates have returned to smaller scale in person meetings and events, following appropriate government guidance.

Council's responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (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. The applicable law also sets out Council's responsibilities for the preparation and content of the Annual Report. Council is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Council is charged with the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Council of the College on the 6th October 2021 and signed on its behalf by:



Treasurer: Dr Kathleen White



Opinion

We have audited the accounts of the Royal College of Physicians of Edinburgh for the year ended 31 January 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 January 2021 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 for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 12 months from when the financial statements are authorised for issue.

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

Other information

The Council is responsible for the other information. The other information comprises the information included in the Annual Report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report.

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the trustees' report (Annual Report); or
- proper accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Council

As explained more fully in the Council's Responsibilities Statement set out on page 10, the Council is responsible for the preparation of accounts which give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 accounts

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

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the industry in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Charities and Trustee Investment (Scotland) Act 2005.

Our audit procedures were designed to respond to risks of material misstatement in the accounts, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

**Independent Auditor's Report to the Fellows and Members of the
Royal College of Physicians of Edinburgh (continued)**



Auditor's responsibilities for the audit of the accounts (continued)

We focused on laws and regulations that could give rise to a material misstatement in the charity's accounts. Our tests included, but were not limited to:

- agreement of the accounts disclosures to underlying supporting documentation;
- enquiries of senior management and the Council;
- review of minutes of Council meetings throughout the period;
- review of legal correspondence or invoices, and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in an audit of accounts and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the accounts, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by members of the Council that represented a risk of material misstatement due to fraud.

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

Use of our report

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

Chiene + Tait LLP

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

27 October 2021

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

Statement of Financial Activities

for the year ended 31 January 2021

	Notes	General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2021 £	General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2020 £
Income and endowments from:											
Donations, grants and legacies	2	364,815	-	143,735	-	508,550	13,712	-	330,246	-	343,958
Charitable activities	3	5,105,266	-	164,040	-	5,269,306	7,300,307	-	134,327	-	7,434,634
Other trading activities	4	109,143	-	-	-	109,143	434,557	-	-	-	434,557
Investments	5	20,124	7,912	231,734	-	259,770	30,396	15,669	317,273	-	363,338
Total income		5,599,348	7,912	539,509	-	6,146,769	7,778,973	15,669	781,845	-	8,576,487
Expenditure on:											
Raising funds	6	542,866	907	38,260	-	582,033	634,834	960	40,511	-	676,304
Charitable activities	7	5,437,100	81,219	390,365	-	5,908,684	7,099,259	77,860	729,571	-	7,906,690
Total expenditure		5,979,966	82,126	428,625	-	6,490,717	7,734,093	78,820	770,082	-	8,582,995
Net income/(expenditure) before gains and losses on investments		(380,618)	(74,214)	110,884	-	(343,948)	44,879	(63,150)	11,763	-	(6,508)
Net realised (losses)/gains on investments	12	(4,223)	(1,273)	-	(53,694)	(59,190)	5,931	1,787	-	75,409	83,128
Net unrealised (losses)/gains on investments	12	(5,432)	(1,637)	-	(69,061)	(76,130)	61,461	18,521	-	781,439	861,421
Gain on revaluation	11	-	-	-	-	-	1,540,000	-	-	-	1,540,000
Net income/(expenditure)		(390,273)	(77,124)	110,884	(122,755)	(479,268)	1,652,272	(42,842)	11,763	856,848	2,478,041
Transfers between funds	17 (d)	(358,009)	389,567	(31,558)	-	-	(112,535)	165,129	(52,594)	-	-
Net movement in funds		(748,282)	312,443	79,326	(122,755)	(479,268)	1,539,737	122,287	(40,831)	856,848	2,478,041
Reconciliation of funds:											
Total funds brought forward as previously stated	17, 21	7,698,701	1,157,064	1,356,995	10,581,353	20,794,113	6,158,964	1,034,777	1,397,826	9,724,505	18,316,072
Prior year adjustment	21	(183,690)	-	-	-	(183,690)	(183,690)	-	-	-	(183,690)
Total funds brought forward as restated	17, 21	7,515,011	1,157,064	1,356,995	10,581,353	20,610,423	5,975,274	1,034,777	1,397,826	9,724,505	18,132,382
Total funds carried forward	17	6,766,729	1,469,507	1,436,321	10,458,598	20,131,155	7,515,011	1,157,064	1,356,995	10,581,353	20,610,423

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 22 to 35 form part of these accounts.

Balance Sheet

as at 31 January 2021

	Notes	Total funds 2021	Total funds 2020 <i>Restated</i>
Fixed assets		£	£
Tangible fixed assets	11, 22	6,318,283	6,343,749
Investments	12 a	11,529,063	11,664,383
Other Investments	12 b, 22	78,760	78,760
Total Fixed Assets		17,926,106	18,086,892
Current assets			
Stocks		24,474	25,926
Debtors	13, 22	1,407,197	3,136,553
Cash at bank and in hand	19, 22	4,654,674	4,284,659
		6,086,345	7,447,138
Creditors: amounts falling due within one year	14, 22	(3,316,700)	(4,370,951)
Net current assets		2,769,645	3,076,187
Total assets less current liabilities		20,695,751	21,163,079
Creditors: amounts falling due after one year	15, 22	(564,596)	(552,656)
Net assets		20,131,155	20,610,423
Unrestricted funds	17, 21	6,051,561	6,487,400
Restricted funds	17c	1,436,321	1,356,995
Endowment funds	17b	10,458,598	10,581,353
Unrestricted revaluation reserve	17	2,184,675	2,184,675
Total funds	17, 22	20,131,155	20,610,423

Approved by the Council of the College on the 6th October 2021 and signed on its behalf by:



Vice President: Dr Susan Pound



Treasurer: Dr Kathleen White

The notes on pages 22 to 35 form part of these accounts.

Statement of Cashflows

for the year ended 31 January 2021

		2021	2020
		£	<i>Restated</i>
	Notes	£	£
Net cash provided by/ (used in) operating activities	18, 22	226,943	(101,287)
Cash flows from investing activities:			
Dividends, interest and rents from investments		259,770	363,338
Purchase of property, plant & equipment		(116,699)	(178,225)
Purchase of investments		(619,422)	(1,293,409)
Proceeds from sale of investments		880,402	1,123,522
Net cash provided by investing activities		404,051	15,226
Cash flows from financing activities:			
Receipt of endowment		-	-
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year	19, 22	630,994	(86,061)
Cash and cash equivalent brought forward		4,626,728	4,712,789
Cash and cash equivalents carried forward	19, 22	5,257,722	4,626,728

The notes on pages 22 to 35 form part of these accounts.

1 Statement of accounting policies

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

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

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

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

The accounts have been prepared on a going concern basis. Council has assessed the ability of the College to continue as a going concern and have reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

b) Fund structure

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

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

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

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

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

c) Significant judgements and estimation uncertainty

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

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

(i) Useful economic lives of tangible assets

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

d) Income

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

Admission fees and subscription income

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

Donations and Legacies

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

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

Grants receivable

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

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

Examination income

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

Course and event income

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

Investment income

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

e) Expenditure

Resources expended are recognised on an accruals basis when a legal or constructive obligation to pay arises committing the College to that expenditure; it is probable that settlement will be required and that the amount of the obligation can be measured reliably. They are shown under the appropriate category. The irrecoverable element of VAT is allocated to the related individual cost.

Costs of raising funds

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

Charitable expenditure

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

Governance costs

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

Basis of allocation of costs

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

Federation activities

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

Grants payable

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

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

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

The aggregate value of contributions made to the pension scheme during the period amounted to £205,734 (2020: £213,782).

Notes to the Accounts (continued)

for the year ended 31 January 2021

2 Donations, grants and legacies

	2021	2020
	£	£
Donations	396	84,605
Grants - non contractual	143,727	248,353
Furlough Grant Income	224,514	-
Bequests and legacies	139,913	11,000
	508,550	343,958

3 Income from charitable activities

	2021	2020
	£	£
Subscriptions	1,776,684	1,675,698
Examinations	2,072,370	3,949,284
Education and training	1,115,339	1,534,644
Grants	116,957	156,317
Other	187,956	118,691
	5,269,306	7,434,635

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 £2.4m in the year (2020: £3.8m).

4 Income from other trading activities

	2021	2020
	£	£
Letting of rooms and facilities	109,143	434,557
	109,143	434,557

5 Income from investments

	2021	2020
	£	£
Portfolio derived income	250,209	336,835
Bank deposit income	9,561	26,503
	259,770	363,338

Notes to the Accounts (continued)

for the year ended 31 January 2021

6	Expenditure on raising funds	Activities	Support	Total	Total
		undertaken directly £	costs £	2021 £	2020 £
	Fundraising: cost of goods sold and other costs:				
	Letting of rooms and facilities	124,445	400,891	525,336	617,178
	Investment management	41,720	14,977	56,697	59,127
		<u>166,165</u>	<u>415,868</u>	<u>582,033</u>	<u>676,304</u>
7	Expenditure on charitable activities	Activities	Support	Total	Total
		undertaken directly £	costs £	2021 £	2020 £
	Membership services	468,459	485,360	953,819	1,147,990
	Quality, Research and Standards	81,704	53,959	135,663	222,342
	Heritage	246,678	140,894	387,572	465,887
	Examinations	1,509,600	349,491	1,859,091	2,740,112
	Education and Training	1,548,051	906,936	2,454,987	3,188,623
	Other charitable activity	117,552	-	117,552	141,736
		<u>3,972,044</u>	<u>1,936,640</u>	<u>5,908,684</u>	<u>7,906,690</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 £1.6m (2020: £2.2m).

Other charitable activity costs included £14,212 of exceptional building costs, £37,955 in connection to reviews performed with the Quality Governance Collaborative and £64,642 for consultancy costs within the Intensive Support Programme. Other charitable activity costs in the prior year comprise of the remaining construction costs of the new conference centre of £113,399, other exceptional building costs totalling £17,761 and costs relating to the corporate administration of Federation activities of £10,576.

8 Grant making activities

Included within Education and Training direct costs are grants made by the College during the year totalling £67,008 (2020: £320,644) from designated and endowed funds as follows:

	2021 £	2020 £
Tuition fees for 12 (2020: 14) students of the MSc Internal Medicine at the University of Edinburgh	42,393	45,238
Tuition fees for 8 (2020: 3) students of the MSc Critical Care at the University of Edinburgh	24,615	7,755
JMAS Sim Fellowship at the University of Edinburgh - see note 15	-	255,901
Other bursaries and research related grants to individuals and institutions	-	11,750
	<u>67,008</u>	<u>320,644</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 2021

9 Allocation of Governance and Support costs	Total allocated 2021	Governance related	Other support costs	Total 2020
	£	£	£	£
Staff costs	1,436,840	173,827	1,263,013	1,450,292
Building upkeep, repairs and management	63,423	-	63,423	155,264
IT costs	62,522	-	62,522	69,098
Utilities	90,913	-	90,913	104,727
Travel and subsistence	22,196	-	22,196	131,161
Other general management overheads	607,947	542,736	65,211	368,204
Depreciation	68,668	6,148	62,520	64,052
	2,352,509	722,711	1,629,798	2,342,797

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 directly	Indirect costs	Total 2021	Total 2020
	£	£	£	£
Staff costs	-	173,827	173,827	175,455
Auditors' fees	15,500	-	15,500	13,923
Other non-audit fees	7,721	-	7,721	-
Legal and professional fees	415,355	-	415,355	67,578
Other	-	110,308	110,308	107,613
	438,576	284,135	722,711	364,569

10 Remuneration and related party transactions	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Wages and salaries	2,263,086	178,933	2,442,019	2,572,458
Social security costs	215,432	17,311	232,743	239,607
Pension costs - Defined contribution schemes	191,715	14,019	205,734	213,782
Training and other employee costs	47,865	-	47,865	67,157
	2,718,098	210,263	2,928,361	3,093,004

For several months throughout the year the College made additional payments to ensure all employees within the Job Retention Scheme received their full pay and pension contributions.

Average number of employees during the period: 66

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

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

Total pension contributions in the year for employees whose emoluments exceed £60,000 were £25,223 - 3 employees (2020: £33,840 - 4 employees).

The College considers its key management personnel comprising of the Office Bearers, Chief Executive Officer and the Deputy Chief Executive Officer. The total employment benefits including employer pension contributions of the key management personnel were £147,156 (2020: £225,183). Included within salary costs are £37,192 of settlement payments made during the year for 4 members of staff as a result of restructuring. The restructure removed the role of the Deputy CEO within key management personnel.

No Trustee received any remuneration during the year. Reimbursement of travel expenses to 13 (2020: 28) Council Members amounted to £5,567 (2020: £80,273). 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 (2020: £Nil).

Notes to the Accounts (continued)

for the year ended 31 January 2021

11	Tangible fixed assets	Heritable property £	Computers and other equipment £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation						
	1 February 2020- Restated	6,000,000	918,230	188,155	126,206	7,232,591
	Additions	-	116,700	-	-	116,700
	Disposals	-	-	-	-	-
	31 January 2021	<u>6,000,000</u>	<u>1,034,930</u>	<u>188,155</u>	<u>126,206</u>	<u>7,349,291</u>
Accumulated depreciation						
	1 February 2020- Restated	-	667,337	156,588	64,918	888,843
	Charge for the year	-	126,910	7,893	7,362	142,165
	Disposals	-	-	-	-	-
	31 January 2021	<u>-</u>	<u>794,247</u>	<u>164,481</u>	<u>72,280</u>	<u>1,031,008</u>
	Net book value at 31 January 2021	<u>6,000,000</u>	<u>240,683</u>	<u>23,674</u>	<u>53,926</u>	<u>6,318,283</u>
	<i>Net book value at 31 January 2020- Restated</i>	<u>6,000,000</u>	<u>250,893</u>	<u>31,567</u>	<u>61,288</u>	<u>6,343,749</u>

The heritable property of the College was revalued by Graham and Sibbald on the 31st January 2020. They assessed the market value with vacant possession to be £6,000,000. The depreciated historic cost of heritable property as at 31 January 2021 was £3,815,325 (2020: £3,815,325). Council continues to consider that the carrying value at 31 January 2021 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 45,000 medical books and manuscripts, has been developed over the last 330 years and is used for reference, research and education. The College occasionally makes available, on loan, items from the collection to Fellows and Members of the College and other medical institutions. At any time, approximately 50% of the Collection is on display. The remaining items are held in safe storage but access is permitted to scholars and others for research purposes, and items from storage are occasionally made available for public viewing. The College has made no disposals from its Library Collection in the last 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 2021

12 a Investments	Unrestricted £	Endowment £	Total £
Opening market value at 1 February 2020	1,051,268	10,271,046	11,322,314
Additions in year	57,513	561,909	619,422
Disposals in year	(87,240)	(852,351)	(939,591)
Unrealised losses during year	(7,069)	(69,061)	(76,130)
Closing market value at 31 January 2021	1,014,472	9,911,543	10,926,015
Investment cash balance	55,993	547,055	603,048
Closing portfolio valuation at 31 January 2021	<u>1,070,465</u>	<u>10,458,598</u>	<u>11,529,063</u>
<i>Historical cost at year end</i>	<u>752,701</u>	<u>7,354,000</u>	<u>8,106,701</u>
Fixed interest	73,351	716,658	790,009
UK debenture and loan stocks	154,778	1,512,198	1,666,976
UK equities	434,606	4,246,166	4,680,772
Investments and unit trusts	296,779	2,899,568	3,196,347
Overseas	54,958	536,953	591,911
Cash	55,993	547,055	603,048
	<u>1,070,465</u>	<u>10,458,598</u>	<u>11,529,063</u>

The investments of the College are held as part of a portfolio managed by Adam & Company Investment Management Ltd. Value is attributed to individual unrestricted and endowment funds on an unitisation basis. At 31 January 2021, AXA Fixed Interest Sterling Short Bond made up 5.04% 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.

12 b Other Investments	2021	2020
	£	Restated £
Federation of Royal Colleges of Physicians	<u>78,760</u>	<u>78,760</u>
	<u>78,760</u>	<u>78,760</u>

During 2019-20 RCPE contributed additional funding to Federation to help support operations during COVID.

13 Debtors	2021	2020
	£	Restated £
Subscriptions and fees	210,046	181,581
Educational fee and grant debtors	170,819	497,224
Accrued income	180,238	221,280
Sundry debtors	719,756	1,936,809
Prepayments	116,852	292,773
VAT and tax debtor	<u>9,486</u>	<u>6,886</u>
	<u>1,407,198</u>	<u>3,136,553</u>

Notes to the Accounts (continued)
for the year ended 31 January 2021

14 Creditors: amounts falling due within one year	2021	2020 <i>Restated</i>
	£	£
Trade creditors	281,519	338,000
Other creditors and accruals	624,398	1,552,922
Social security and other taxation payable	67,496	68,301
Deferred income	<u>2,343,287</u>	<u>2,411,728</u>
	<u>3,316,700</u>	<u>4,370,951</u>

The College hosts the offices of the Scottish Academy of Medical Royal Colleges and acts as the custodian of funds employed in supporting the delivery of administrative services. The balance of funds held by the College at the year end of £9,484 (2020: £6,994 within other creditors and accruals) is accounted for within sundry debtors. The College acts as custodian of funds for its Senior Fellows' Club. The year end balance of £8,679 (2020: £7,977) 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 2020 <i>Restated</i>	Utilised in year	Received & deferred to 2021/22	Received & deferred to future years	Carried Forward 31 Jan 2021
	£	£	£	£	£
Subscriptions	1,161,094	(1,161,094)	1,160,484	43,506	1,203,990
Events planned	182,443	(182,443)	102,402	43,789	146,191
Education income	412,562	(412,562)	286,180	170,536	456,716
Exam income	861,901	(861,901)	756,913	-	756,913
Grant income	36,793	(36,793)	37,308	-	37,308
	<u>2,654,793</u>	<u>(2,654,793)</u>	<u>2,343,287</u>	<u>257,831</u>	<u>2,601,119</u>

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

15 Creditors: amounts falling due after more than one year	2021	2020 <i>Restated</i>
	£	£
Other creditors and accruals	306,765	309,591
Deferred income	<u>257,831</u>	<u>243,065</u>
	<u>564,596</u>	<u>552,656</u>

Other creditors falling due after more than 1 year relate to funding for the JMAS Sim Fellowship at the University of Edinburgh - see note 8. Also included within other creditors due after more than 1 year is an estimate of liability relating to RCPE share of the pension scheme held by Federation.

16 Contracts and commitments - operating leases	2021	2020
	£	£
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Amounts due within 1 year	66,939	58,818
Amounts due between 2 to 5 years	170,472	173,791
Amounts due more than 5 years	<u>78,373</u>	<u>97,189</u>
	<u>315,784</u>	<u>329,798</u>

During the year lease payments of £68,890 (2020: £61,415) were recognised as an expense to the College.

Notes to the Accounts (continued)

for the year ended 31 January 2021

17	Analysis of College net assets by fund in the current year (2021)	Fixed assets £	Investments £	Net current assets £	Long-term liabilities £	Fund balances 2021 £
	Unrestricted funds	6,318,283	1,149,225	1,210,251	(441,523)	8,236,236
	Endowment funds	-	10,458,598	-	-	10,458,598
	Restricted funds	-	-	1,559,394	(123,073)	1,436,321
		6,318,283	11,607,823	2,769,645	(564,596)	20,131,155

Unrestricted funds, which include designated funds, are free for use by the Charity Trustees in accordance with the charitable objects of the College. Endowment and restricted funds have purposes attached which, in general, are related to the provision of information to the public and education for doctors in training and in practice. Over 90% of the expendable endowment funds, which have a total value of £3,002,626 at 31 January 2021, 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 (2020: £2,184,675) in relation to the College's heritable property as set out in note 11.

Analysis of College net assets by fund in the previous year (2020)- Restated	Fixed assets £	Investments £	Net current assets £	Long-term liabilities £	Fund balances 2020 £
Unrestricted funds	6,343,749	1,161,790	1,593,291	(426,755)	8,672,075
Endowment funds	-	10,581,353	-	-	10,581,353
Restricted funds	-	-	1,482,896	(125,901)	1,356,995
	6,343,749	11,743,143	3,076,187	(552,656)	20,610,423

17a	Designated funds: movements in the current year (2021)	Balance at 31 Jan 2020 £	Income £	Expenditure £	Transfers £	Investment losses £	Balance at 31 Jan 2021 £
	Strategic Planning Fund	499,561	3,646	(453)	(795)	(1,454)	500,505
	Fabric Fund	189,113	1,172	(14,211)	(185)	-	175,889
	Innovation and Development Fund	468,390	3,094	(67,462)	(105,923)	(1,456)	296,643
	Education Fund	-	-	-	211,384	-	211,384
	Prizes and Awards Fund	-	-	-	41,172	-	41,172
	Digital Development Fund	-	-	-	243,914	-	243,914
		1,157,064	7,912	(82,126)	389,567	(2,910)	1,469,507

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 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.

As at January 2021 Council of the College approved the reinstatement of the Education Fund and Prizes and Award Fund, which were previously included within the Innovation and Development Fund. Council of the College also approved the new fund, Digital Development Fund.

Designated funds: movements in the previous year (2020)	Balance at 31 Jan 2019 £	Income £	Expenditure £	Transfers £	Investment gains £	Balance at 31 Jan 2020 £
Strategic Planning Fund	693,193	7,950	(11,055)	(200,672)	10,145	499,561
Fabric Fund	-	1,846	(12,522)	199,789	-	189,113
Innovation and Development Fund	341,584	5,874	(55,243)	166,012	10,163	468,390
	1,034,777	15,670	(78,820)	165,129	20,308	1,157,064

Notes to the Accounts (continued)
for the year ended 31 January 2021

17b Endowment funds: movements in current year (2021)	Balance at 31 January 2020 £	Income £	Expenditure £	Transfers to/(from) Restricted funds £	Investment gains/(losses) £	Balance at 31 January 2021 £
Permanent endowments						
W A Alexander Bequest	21,771	-	-	-	(253)	21,518
Freeland Barbour Fellowship	33,328	-	-	-	(386)	32,942
Alexander Black Bequest	6,041	-	-	-	(70)	5,971
John Hamilton Brown Bequest	122,627	-	-	-	(1,423)	121,204
Sir James Cameron Bequest	10,767	-	-	-	(125)	10,642
Clouston Memorial Trust	3,733	-	-	-	(43)	3,690
Ghulam Mohi-Ud Din Trust	2,931	-	-	-	(34)	2,897
George A Gibson Lectureship	821	-	-	-	(9)	812
Verona Gow Bequest	107,933	-	-	-	(1,252)	106,681
Mohamed Haniffa Hamza Bequest	1,889	-	-	-	(22)	1,867
Jessie MacGregor Prize	8,958	-	-	-	(104)	8,854
James MacKenzie Medal	1,669	-	-	-	(19)	1,650
Alexander Morison Fund	567	-	-	-	(6)	561
Stelios Nicolaides Fund	1,235	-	-	-	(14)	1,221
Hill Pattison-Struthers Bursaries	18,176	-	-	-	(211)	17,965
Robert Philip Memorial Lectureship	66,370	-	-	-	(770)	65,600
HRH Richards Bequest	7,410	-	-	-	(86)	7,324
Miss Janet Reid Trust	52,705	-	-	-	(611)	52,094
Catherine Wedderburn Rintoul Fund	73,166	-	-	-	(849)	72,317
Russell Bequest	1,093,971	-	-	-	(12,691)	1,081,280
John Matheson Shaw Bequest	16,947	-	-	-	(197)	16,750
Myre Sim Bequest	1,310,601	-	-	-	(15,205)	1,295,396
JMAS Sim Fellowship	4,506,928	-	-	-	(52,285)	4,454,643
Sydney Watson Smith Bequest	248,147	-	-	-	(2,879)	245,268
Peter Morrison Tolmie Bequest	25,767	-	-	-	(299)	25,468
Watson Lecture	1,358	-	-	-	(16)	1,342
Wood Bursary	22,468	-	-	-	(261)	22,207
	7,768,284	-	-	-	(90,120)	7,678,164
Expendable endowments						
Bryan Ashworth Bequest	498,087	-	-	-	(5,778)	492,309
Ambuj Nath Bose Bequest	640	-	-	-	(7)	633
William Cullen Prize	11,633	-	-	-	(135)	11,498
Stanley Davidson Trust	546,849	-	-	-	(6,344)	540,505
Education & Research Trust	545,639	-	-	-	(6,330)	539,309
Joan Ferguson Bequest	211,159	-	-	-	(2,450)	208,709
Marion B M Lindsay Bequest	65,165	-	-	-	(756)	64,409
Lister Fellowship	25,412	-	-	-	(295)	25,117
Charles McNeil Lectureship	17,653	-	-	-	(205)	17,448
Alexander Morison Lectureship	4,050	-	-	-	(47)	4,003
Marjorie Robertson Trust	886,782	-	-	-	(10,288)	876,494
	10,581,353	-	-	-	(122,755)	10,458,598

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 2021

17b Endowment funds: movements in previous year (2020)	Balance at 31 January 2019 £	Income £	Expenditure £	Transfers to/(from) Restricted funds £	Investment gains/(losses) £	Balance at 31 January 2020 £
<i>Permanent endowments</i>						
W A Alexander Bequest	20,008	-	-	-	1,763	21,771
Freeland Barbour Fellowship	30,629	-	-	-	2,699	33,328
Alexander Black Bequest	5,552	-	-	-	489	6,041
John Hamilton Brown Bequest	112,697	-	-	-	9,930	122,627
Sir James Cameron Bequest	9,895	-	-	-	872	10,767
Clouston Memorial Trust	3,431	-	-	-	302	3,733
Ghulam Mohi-Ud Din Trust	2,693	-	-	-	237	2,931
George A Gibson Lectureship	755	-	-	-	67	821
Verona Gow Bequest	99,193	-	-	-	8,740	107,933
Mohamed Haniiffa Hamza Bequest	1,736	-	-	-	153	1,889
Jessie MacGregor Prize	8,233	-	-	-	725	8,958
James MacKenzie Medal	1,534	-	-	-	135	1,669
Alexander Morison Fund	521	-	-	-	46	567
Stelios Nicolaides Fund	1,135	-	-	-	100	1,235
Hill Pattison-Struthers Bursaries	16,704	-	-	-	1,472	18,176
Robert Philip Memorial Lectureship	60,996	-	-	-	5,374	66,370
HRH Richards Bequest	6,810	-	-	-	600	7,410
Miss Janet Reid Trust	48,437	-	-	-	4,268	52,705
Catherine Wedderburn Rintoul Fund	67,241	-	-	-	5,925	73,166
Russell Bequest	1,005,384	-	-	-	88,587	1,093,971
John Matheson Shaw Bequest	15,575	-	-	-	1,372	16,947
Myre Sim Bequest	1,204,472	-	-	-	106,129	1,310,601
JMAS Sim Fellowship	4,141,970	-	-	-	364,958	4,506,928
Sydney Watson Smith Bequest	228,052	-	-	-	20,094	248,147
Peter Morrison Tolmie Bequest	23,680	-	-	-	2,087	25,767
Watson Lecture	1,248	-	-	-	110	1,358
Wood Bursary	20,649	-	-	-	1,819	22,468
	7,139,230	-	-	-	629,054	7,768,284
<i>Expendable endowments</i>						
Bryan Ashworth Bequest	457,753	-	-	-	40,334	498,087
Ambuj Nath Bose Bequest	588	-	-	-	52	640
William Cullen Prize	10,691	-	-	-	942	11,633
Stanley Davidson Trust	502,567	-	-	-	44,282	546,849
Education & Research Trust	501,454	-	-	-	44,184	545,639
Joan Ferguson Bequest	194,060	-	-	-	17,099	211,159
Marion B M Lindsay Bequest	59,888	-	-	-	5,277	65,165
Lister Fellowship	23,353	-	-	-	2,058	25,412
Charles McNeil Lectureship	16,224	-	-	-	1,430	17,653
Alexander Morison Lectureship	3,724	-	-	-	328	4,050
Marjorie Robertson Trust	814,973	-	-	-	71,809	886,782
	9,724,505	-	-	-	856,848	10,581,353

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

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

MTI Placements Scotland - funding of £90,000 was received from the Scottish Government to meet the costs of appointing an additional project manager for MTI for 2 years. The aim being to place a minimum of an additional 15 International graduates through the Medical Training Initiative scheme.

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

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

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

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

SHAAP (Scottish Health Action on Alcohol Problems) - a medical advocacy body on alcohol, established through SIGA and funded by the Scottish Government.

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 2021

17c Restricted funds: movements in current year (2021)	31 January 2020	Income	Expenditure	Transfers	31 January 2021
	£	£	£	£	£
Held as part of the College bank & cash balances					
EBM Training Materials	7,491	23	-	-	7,514
SCLF Grant	32,671	98	-	-	32,769
ePortfolio for Revalidation	5,252	16	-	-	5,268
Guidance on Adolescent Medicine	17,906	54	-	-	17,960
Disaster Recovery Kits	-	833	(762)	-	71
Health and Wellbeing Fund	501	502	-	-	1,003
Intensive Support Programme	-	64,642	(64,642)	-	-
Leo McCarthy History of Medicine Award	1,270	3	-	-	1,273
HP Andrew Douglas	354,175	1,058	(500)	-	354,733
James Lind Library	2,878	152	(31)	-	2,999
MTI Placements	19,951	60	-	-	20,011
MTI Placements Scotland	7,221	22	-	-	7,243
Paley Stamp Collection	1,275	4	-	-	1,279
Pilot National Audits in Epilepsy and CAP	10,593	31	-	-	10,624
Scottish Academy: External Advisor Project	38,613	89,147	(84,196)	-	43,564
SIGA	1,196	4	-	-	1,200
SHAAP	83,501	148,788	(183,997)	-	48,292
Sibbald Library Restricted Fund	71,820	205	(12,296)	-	59,729
SPARS	4,535	13	-	-	4,548
TARGET	116	-	-	-	116
Wellcome Digitisation project	42	-	-	-	42
Wellcome Duncan Project Expenditure	1,918	6	-	-	1,924
Wellcome Ballantyne Cataloguer	1,823	4,047	-	-	5,870
Wolfson Fund	1,974	6	-	-	1,980
Zambia Fund	851	2	-	-	853
	667,573	309,716	(346,424)	-	630,865
Held as part of the College Portfolio					
Permanent endowments					
W A Alexander Bequest	509	467	(79)	(63)	834
Freeland Barbour Fellowship	5,101	728	(120)	(99)	5,610
Alexander Black Bequest	1,845	134	(22)	(18)	1,939
John Hamilton Brown Bequest	39,872	2,733	(443)	(379)	41,783
Sir James Cameron Bequest	1,911	236	(39)	(32)	2,076
Clouston Memorial Trust	2,172	86	(13)	(12)	2,233
Ghulam Mohi-Ud Din Trust	2,391	69	(11)	(10)	2,439
George A Gibson Lectureship	219	18	(3)	(3)	231
Verona Gow Bequest	18,735	2,364	(390)	(331)	20,378
Mohamed Haniffa Hamza Bequest	739	42	(7)	(6)	768
Jessie MacGregor Prize	5,737	207	(32)	(30)	5,882
James MacKenzie Medal	1,262	39	(6)	(6)	1,289
Alexander Morison Fund	2,142	18	(2)	(3)	2,155
Stelios Nicolaides Fund	1,637	31	(4)	(5)	1,659
Hill Pattison-Struthers Bursaries	7,656	410	(66)	(57)	7,943
Robert Philip Memorial Lectureship	9,416	1,448	(240)	(197)	10,427
HRH Richards Bequest	879	161	(27)	(21)	992
Miss Janet Reid Trust	12,125	1,162	(190)	(162)	12,935
Catherine Wedderburn Rintoul Fund	10,758	1,597	(265)	(217)	11,873
Russell Bequest	52,465	23,610	(21,870)	(3,179)	51,026
John Matheson Shaw Bequest	5,734	378	(61)	(53)	5,998
Myre Sim Bequest	97,005	28,366	(11,023)	(4,057)	110,291
JMAS Sim Fellowship	137,778	98,035	(16,296)	(13,447)	206,070
Sydney Watson Smith Bequest	55,299	5,465	(897)	(750)	59,117
Peter Morrison Tolmie Bequest	10,025	579	(93)	(81)	10,430
Watson Lecture	1,293	32	(5)	(5)	1,315
Wood Bursary	5,224	495	(81)	(68)	5,570
	489,929	168,910	(52,285)	(23,291)	583,263
Expendable endowments					
Bryan Ashworth Bequest	14,812	10,729	(13,801)	(1,464)	10,276
Ambuj Nath Bose Bequest	796	16	(2)	(2)	808
William Cullen Prize	2,688	256	(42)	(35)	2,867
Stanley Davidson Trust	70,049	11,913	(1,977)	(1,635)	78,350
Education & Research Trust	30,648	11,785	(1,973)	(1,591)	38,869
Joan Ferguson Bequest	9,851	4,569	(7,764)	(617)	6,039
Marion B M Lindsay Bequest	7,553	1,417	(236)	(192)	8,542
Lister Fellowship	11,262	574	(92)	(81)	11,663
Charles McNeil Lectureship	7,951	399	(64)	(56)	8,230
Alexander Morison Lectureship	3,808	97	(15)	(14)	3,876
Isabella Kirk Duncanson Trust	17,473	45	-	(16)	17,502
Marjorie Robertson Trust	22,602	19,083	(3,950)	(2,564)	35,171
	199,493	60,883	(29,916)	(8,267)	222,193
Total Restricted funds	1,356,995	539,509	(428,625)	(31,558)	1,436,321

Notes to the Accounts (continued)
for the year ended 31 January 2021

17c	Restricted funds: movements in the previous year (2020)	31 January 2019	Income	Expenditure	Transfers	31 January 2020
		£	£	£	£	£
	<i>Held as part of the College bank & cash balances</i>					
	Conference Centre donations	7,447	43	-	-	7,490
	EBM Training Materials	32,481	190	-	-	32,671
	SCLF Grant	5,221	30	-	-	5,251
	ePortfolio for Revalidation	17,802	104	-	-	17,906
	Guidance on Adolescent Medicine	0	501	-	-	501
	Leo McCarthy History of Medicine Award	2,351	11	(1,091)	-	1,271
	HP Andrew Douglas	352,118	2,057	-	-	354,175
	James Lind Library	2,763	115	-	-	2,878
	MTI Placements	19,835	116	-	-	19,951
	MTI Placements Scotland	7,178	42	-	-	7,220
	Paley Stamp Collection	1,268	7	-	-	1,275
	Pilot National Audits in Epilepsy and CAP	10,531	62	-	-	10,593
	Scottish Academy: External Advisor Project	37,027	84,850	(83,264)	-	38,613
	SIGA	1,189	7	-	-	1,196
	SHAAP	75,603	302,129	(294,230)	-	83,502
	Sibbald Library Restricted Fund	1,813	82,107	(12,100)	-	71,820
	SPARS	4,509	26	-	-	4,535
	TARGET	115	1	-	-	116
	Wellcome Digitisation project	42	0	0	-	42
	Wellcome Duncan Project Expenditure	1,907	11	-	-	1,918
	Wellcome Ballantyne Cataloguer	16,676	(3,982)	(10,871)	-	1,823
	Wolfson Fund	1,963	11	-	-	1,974
	Zambia Fund	846	5	0	-	851
	Held as part of the College Portfolio	600,685	468,444	(401,556)	-	667,573
	<i>Permanent endowments</i>					
	W A Alexander Bequest	-	629	(99)	(21)	509
	Freeland Barbour Fellowship	4,329	992	(128)	(92)	5,101
	Alexander Black Bequest	1,699	186	(23)	(17)	1,844
	John Hamilton Brown Bequest	36,898	3,793	(469)	(350)	39,872
	Sir James Cameron Bequest	1,660	322	(41)	(30)	1,912
	Clouston Memorial Trust	2,224	123	(164)	(11)	2,172
	Ghulam Mohi-Ud Din Trust	2,311	100	(11)	(9)	2,391
	George A Gibson Lectureship	199	25	(3)	(2)	219
	Verona Gow Bequest	18,353	3,309	(2,621)	(305)	18,735
	Mohamed Haniffa Hamza Bequest	692	59	(7)	(5)	739
	Jessie MacGregor Prize	5,502	296	(34)	(27)	5,737
	James MacKenzie Medal	1,217	57	(6)	(5)	1,262
	Alexander Morison Fund	2,116	31	(2)	(3)	2,142
	Stelios Nicolaides Fund	1,600	47	(5)	(4)	1,637
	Hill Pattison-Struthers Bursaries	7,205	574	(70)	(53)	7,657
	Robert Philip Memorial Lectureship	7,882	1,970	(254)	(182)	9,416
	HRH Richards Bequest	709	219	(28)	(20)	879
	Miss Janet Reid Trust	14,766	1,623	(4,114)	(149)	12,125
	Catherine Wedderburn Rintoul Fund	9,065	2,174	(280)	(201)	10,757
	Russell Bequest	30,793	31,789	(7,149)	(2,969)	52,465
	John Matheson Shaw Bequest	5,322	526	(65)	(48)	5,734
	Myre Sim Bequest	81,121	38,388	(18,936)	(3,568)	97,005
	JMAS Sim Fellowship	289,606	134,473	(273,816)	(12,484)	137,778
	Sydney Watson Smith Bequest	49,441	7,502	(950)	(695)	55,299
	Peter Morrison Tolmie Bequest	9,390	808	(99)	(74)	10,025
	Watson Lecture	1,254	48	(5)	(4)	1,293
	Wood Bursary	4,688	684	(86)	(63)	5,224
	Permanent endowments	590,042	230,748	(309,466)	(21,394)	489,929
	<i>Expendable endowments</i>					
	Bryan Ashworth Bequest	37,448	14,644	(35,856)	(1,424)	14,812
	Ambuj Nath Bose Bequest	777	24	(2)	(2)	796
	William Cullen Prize	2,620	354	(253)	(33)	2,688
	Stanley Davidson Trust	78,857	16,343	(2,093)	(23,058)	70,049
	Education & Research Trust	22,187	15,902	(5,966)	(1,475)	30,648
	Joan Ferguson Bequest	10,086	6,164	(5,827)	(572)	9,851
	Marion B M Lindsay Bequest	6,058	1,923	(249)	(178)	7,553
	Lister Fellowship	10,627	806	(97)	(74)	11,262
	Charles McNeil Lectureship	7,509	561	(68)	(52)	7,951
	Alexander Morison Lectureship	3,694	142	(16)	(13)	3,808
	Isabella Kirk Duncanson Trust	22,570	157	(5,240)	(15)	17,473
	Marjorie Robertson Trust	4,666	25,633	(3,394)	(4,304)	22,602
	Expendable endowments	207,099	82,654	(59,061)	(31,200)	199,493
	Total Restricted funds	1,397,826	781,845	(770,082)	(52,594)	1,356,995

Notes to the Accounts (continued)

for the year ended 31 January 2021

17d Transfers between funds

Designated funds

£150,927 (2020: £192,545) was transferred in the period to the Designated MSc Internal Medicine Fund and MSc Critical Care Fund. These funds represent the surplus received from the joint MSc Internal Medicine course and MSc Critical Care course run in partnership with the University of Edinburgh. This fund is to be used to sponsor tuition fees for students enrolled on the course.

£243,914 (2020: £nil) was transferred to establish a new designated fund, Digital Development Fund. The fund is to support the Colleges digital transformation project and three named educational lectures with a digital content in recognition of bequests made to the College during the year.

£12,000 was transferred to the Education Fund to support three named lectures in recognition of bequests made to the College during the year.

£10,000 was transferred to the Prize and Award fund which is intended to benefit Fellows and Members through the provision of a range of prizes and awards which seek to provide incentives to reward excellence.

In the prior year £200,000 was transferred in the period from the Strategic Planning Fund to the Designated Fabric Fund. This was to support the refurbishment of the new Fellows and Members lounge. The fund designation has now been amended to support the development and reorganisation of the building and College Infrastructure for post COVID re-developments.

An inter-fund charge of £27,274 (2020: £27,416) 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 2020 was made and allocated in proportion to the value of investments held by each trust or fund.

Restricted funds

In the prior year £21,537 was transferred from the Stanley Davidson fund to support work on starting up the new Quality Governance Collaborative and £1,900 was transferred from the Marjorie Robertson fund to the general fund to contribute to the mentoring training programme.

An inter-fund charge of £31,558 (2020: £29,194) 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 2020 and was allocated in proportion to the value of investments held by each trust or fund.

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

	2021	2020
	£	Restated £
Net (expenditure)/ income for the reporting period	(479,269)	2,478,041
Depreciation charges	142,165	155,727
Losses/ (Gains) on investments	135,320	(944,549)
(Gains) on Property Revaluation	-	(1,540,000)
Dividends, interest and rents from investments	(259,770)	(363,338)
Decrease in stocks	1,452	348
Decrease/ (Increase) in debtors	1,729,356	(1,408,585)
(Decrease)/ Increase in creditors	(1,042,311)	1,521,069
Net cash provided by/ (used in) operating activities	226,943	(101,287)

Notes to the Accounts (continued)
for the year ended 31 January 2021

19 Analysis of cash and cash equivalents

Changes in net funds	31 January 2021	Cash flows	1 February 2020 <i>Restated</i>
	£	£	£
Cash in hand	4,654,674	370,015	4,284,659
Cash held as part of investment portfolio	603,048	260,979	342,069
	<u>5,257,722</u>	<u>630,994</u>	<u>4,626,728</u>

20 Contingent Liability

The College has no potential commitments to pay (2020: nil) in respect of future years of 3 year grants awarded to MSc students as the grants have yet to be confirmed. These have not been provided for in these accounts as courses are often amended or not fully completed and therefore payment is not considered to be probable.

21 Prior year adjustment

The opening 2019-20 unrestricted reserves have been adjusted by £183,690 to account for a liability arising pre 2019-20 in relation to the Colleges share in the Federation of Royal Colleges of Physicians pension scheme liability.

22 Restatement

The 2019-20 balance sheet and disclosure notes have been restated to account for the Colleges share of the Federation of Royal Colleges of Physicians assets and liabilities. The total assets have increased from £23,952,205 to £25,534,030. Total liabilities have increased from £3,341,782 to £4,923,607. There was no impact on net assets as at January 2020.