

**Royal College of
Physicians of Edinburgh**

Educating doctors, improving care.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31st January 2015

A charity registered in Scotland, no. SC009465

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31st January 2015

The Council of the Royal College of Physicians of Edinburgh (RCPE) is pleased to present its annual report for the year ended 31st January 2015, 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) and the Statement of Recommended Practice 'Accounting and Reporting by Charities', issued in March 2005 (SORP 2005).

Reference and administrative details

Charity name: Royal College of Physicians of Edinburgh
Charity registration number: SC009465
Principal office: 9 Queen Street, Edinburgh, EH2 1JQ
Website address: www.rcpe.ac.uk
Events website address: www.rcpe-venue.co.uk

Charity Trustees

The Charity Trustees comprise both elected and appointed members of Council.

Elected members of Council

The President and Vice Presidents are elected by all Fellows of the College and normally serve a three-year term of office. The UK-based Fellows of the College elect constituency members of Council to serve up to two consecutive terms of three years. UK Collegiate Members elect the members of the Trainees and Members' Committee, who in turn formally elect a Chairman and Secretary who serve on Council ex officio. On the 31st January 2015 the elected members comprised:

President: Professor Derek Bell

Vice President (Professional Development): Dr John A Wilson

Vice President (Education & Standards): Dr Alan Patrick

Constituency members:

Dr Karen A Adamson	Professor David Bowen-Jones
Dr Martyn Bracewell	Dr Timothy P Cassidy
Professor Andrew Collier	Dr Lesley Dawson
Dr Jacqueline F Faccenda	Dr Robin F Jeffrey
Dr Catherine Labinjoh	Dr Robert B S Laing
Dr Una M MacFadyen	Dr Alasdair D R Mackie
Professor Jean McEwan	Dr Albert J McNeill
Dr Hannah Skene	Professor Mark W J Strachan

Other elected members: Dr Rosemary Hollick (Chair, Trainees and Members' Committee)
Dr Manjit Cartlidge (Vice Chair, Trainees and Members' Committee)
Dr David Ripley (Vice Chair, Trainees and Members' Committee)
Dr Katherine Walesby (Vice Chair, Trainees and Members' Committee)

Appointed members of Council

All appointed members, including honorary office bearers and faculty representatives, are ex officio and are appointed by Council itself. On 31st January 2015 the appointed members comprised:

Treasurer: Professor Charles Swainson

Secretary: Dr A Deepak Dwarakanath

Director of Exams: Dr Tom Mackay

Director of Education & Training: Dr Nicki Colledge

Director of Standards: Dr Mike Jones

Honorary Librarian: Professor Iain Donaldson

Other appointed members: Professor John Iredale (Academic Medicine)
Ms Anne Jarvie (College Lay Advisory Committee)
Dr Isla Mackenzie (Faculty of Pharmaceutical Medicine)

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Dr David Pedley (Royal College of Emergency Medicine)
Dr Lorna Watson (Faculty of Public Health)

Other principal office bearers

Editor-in-chief of the Journal Dr Martyn Bracewell

Trustees

Council appoints four Fellows who, together with the Treasurer, act as Trustees and have delegated authority to manage the investment portfolio. On 31st January 2015 the Trustees comprised:

Professor David Lawson
Professor Charles Swainson (ex officio)
Dr Anthony Toft (Chairman)
Mr Michael Wallace
Professor Robert Wood

Senior management team

Chief Executive Officer Ms Elaine Tait

Deputy CEO and Head of Finance and
Facilities Management Mr Nigel Owen

Head of Fellowship and
Membership Services Mr Graeme McAlister

Head of Education, Training and
Standards Ms Jeanette Stevenson

Head of Examinations Mrs Lindy Tedford

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
38 St Andrew Square
Edinburgh
EH2 2YR

Solicitors:

Gillespie Macandrew LLP
5 Atholl Crescent
Edinburgh
EH3 8EJ

Investment advisers:

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

Structure, governance and management

Governing document

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

Organisational structure

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

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

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

- President's Advisory Group;
- Fellowship Committee;
- Trainees and Members' Committee;
- Education Strategy Group and various sub-committees;
- Examination Committee;
- Communications and Publishing Strategy Group;
- Finance Committee;
- Conference Centre Steering Group
- Library Committee;
- Lay Advisory Committee; and the
- Federation of Royal Colleges of Physicians of the UK and various sub-committees.

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

Recruitment and appointment of Charity Trustees

All Fellows of the College who are in good standing are able to stand, nominate and vote for the office of President or Vice President of the College. UK-based Fellows of the College in good standing elect the constituency members of Council. UK Collegiate Members elect members of the Trainee and Members' Committee, who in turn formally elect a Chairman and Secretary who have a seat at Council and are considered to be Charity Trustees.

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

Induction and training of Charity Trustees

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

Risk management

The Charity Trustees of the College have implemented processes by which they review, identify and assess major strategic risks and ensure that controls have been put in place, where necessary, to mitigate those risks. Operational risks are identified by the senior management team and reported regularly to Council.

An analysis of strategic and operational risk is incorporated into the annual business planning process and influences the in-year work programme and strategic plan. Responsibility for day-to-day risk management is delegated to the senior management team and associated office bearers of the College. Operational risks are recorded, monitored and acted upon by the senior management team.

The Charity Trustees, after review, agreed that the five main areas of strategic risk identified in previous years should be updated as set out below. They made the further assertion that the external environment in which the College operates is responding to the ongoing economic pressures and the political drivers for increasing autonomy within the UK. These environmental pressures strengthen some key areas of risk but do not fundamentally change them.

The areas of risk are:

- *Disengagement of Fellows and Members* – making it more difficult to recruit and retain Fellows and Members and encourage their contributions to the main areas of College work at a level sufficient to meet the future ambitions of the College;
- *Financial risk from excessive reliance on the MRCP (UK) Examination* – almost all development work is subsidised by examinations income which is; a Federation activity of which the RCPE has a 22% share.
- *Losing our UK credentials* – there is a growing concern that under increased devolution and in the aftermath of the referendum on Scottish independence, our UK membership will diminish unless we can significantly strengthen our profile and influence in England.
- *Reducing influence on Federation policy* – there is a need to prevent erosion of RCPE influence on the key areas of examining, training and continuing professional development (CPD) which matter professionally to the Fellows and Members and financially to the College.
- *Over-commitment* – recent rapid growth in response to policy opportunities and improved financial performance has left the College with a flat management structure and a number of heavily committed office bearers such that we risk eroding quality and/or delivering late. A medium term strategy and review of the College organisational structure to remove the bottlenecks and spread work between a larger number of managers and office bearers is mitigating this risk.

Objectives, activities and achievements

The mission of the College is to protect patients and promote the highest standards of internal medicine around the world. This is achieved by:

- Promoting the provision and maintenance of high standards of healthcare by its Fellows and Members and other healthcare professionals;
- Focusing on patient safety through defining standards and developing support tools for doctors;
- Supporting doctors in training by defining the curricula and developing and delivering robust assessment processes for the medical specialties, including the MRCP(UK) and Specialty Certificate Examinations (SCE);
- Providing professional educational support to its Fellows and Members and the wider medical profession through a programme of symposia, courses and other events, delivered in Edinburgh but with many accessible across the world via web links and through the development of online education;
- Developing and delivering a continuing professional development (CPD) system to support physicians throughout their careers;
- Supporting physicians to revalidate effectively;
- Promoting evidence-based public health measures;
- Advising and influencing the Government, the public and other health bodies; and
- Promoting collegiality through our international network of Fellows and Members and contributing to the global development of medicine.

Council is satisfied that these objectives have been met in the year under review and that the College's charitable activities have been delivered in accordance with its expectations. Principal activities and achievements in 2014/15 which support this assertion are noted below.

Standards

The College's standards work focused on an intensive qualitative and quantitative study of acute medicine units across Scotland supported by our Clinical Research Fellow, and included data capture from many of the same units to measure services against four key quality indicators. A new and exciting project combined the design expertise from the Helen Hamlyn Centre at the College of Art in London with the system difficulties experienced by staff and patients in acute medical units. A third element of this acute medicine programme involved the preliminary planning of a series of events to explore how best to expand services across the full 7 day week to address patient flow challenges.

Revalidation is becoming well established in most secondary care hospitals and 2014 saw the revision of our guidance for physicians and the continuing support of our electronic revalidation portfolio.

Medical assessment and training

The College, through its membership of the Federation, plays an active role in developing and delivering assessment tools for doctors at all stages of their training. During 2014, the MRCP (UK) delivered its principal examination to just under 22,000 trainee doctors in the UK and internationally. The College directly supported the delivery of approximately 20% of all UK clinical exams through the Western General Examination Centre in Edinburgh which continues to be the biggest examination centre of its kind in the world. A total of 12 SCE were held in UK and in international centres in 2014 including

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the European Board of Gastroenterology and Hepatology (EBGH) exam which was taken in Europe. A total of 1,600 trainees took SCE Examinations.

The College contributed to the continuing development of training in the physicians' specialties through its membership of the Joint Royal Colleges of Physicians Training Board (JRCPTB) and through the Specialist Training Committee (STC) of the Academy of the Medical Royal Colleges of the UK. Key work included curricula updates, development of quality assurance support for the General Medical Council, proposals for improved workplace-based assessments for trainees and a pilot of Post Training Education Fellowships.

Education

In 2014 the RCPE organised 59 educational events, including 21 core symposia, 2 'Hot Topic' symposia and 12 Evening Medical Updates. Events in Edinburgh were attended by 4,743 delegates and viewed by approximately 7,500 delegates at live web streaming sites. Education events are supported through income from fees, sale of exhibition space, sponsorship and endowment funding. Highlights of the year included the St Andrew's Day Festival Symposium, which sold out and was attended by around 1,000 delegates via web streaming. Other Notable events included the five-day Edinburgh International Course in Medicine for the Elderly, which attracted a high number of international delegates, and the 18th Advanced Gastroenterology and Hepatology Course.

An average of 600 Fellows and Members per month used the online education portal. To maximise the user experience from mobiles and tablet devices as well as PCs and laptops, the portal was moved to a new platform. The development of new formats and content for the portal continues.

The MSc in Internal Medicine, run in conjunction with the University of Edinburgh, performed better than expected in terms of student numbers and finance. Following open application processes, we are sponsoring scholarships for doctors from Afghanistan, Antigua, Australia, Canada, India, Kenya, Malawi, Nepal, Poland, South Africa, Sudan, Yemen, Zimbabwe and the UK.

Representing Fellows and Members

There was a continued focus on strengthening support for, and engagement with, Fellows and Members. This manifested itself through a range of activities including ensuring trainee and College views were represented fully during the Shape of Training review and were reflected in other RCPE policy activity. A new Editorial Team was recruited to oversee the next stage in the development of *The Journal of the Royal College of Physicians of Edinburgh* and phase 2 of the College website was implemented, strengthening the provision of online educational content for Fellows and Members and making it easier to navigate between online resources. Use of social media, most notably Twitter, continued to expand across a range of College activities in response to member demand. The College also strengthened its representative membership base by increasing our market penetration of working consultant physicians in Scotland.

Policy

The College continues to be active in the development of health policy across the UK. It has responded and contributed to a number of enquiries that have been established or reported since the Mid Staffordshire findings, highlighting the need for greater attention to quality assurance and action to prevent future failings. The Scottish independence referendum result signals greater devolution in Scotland and the College continues to monitor the impact of constitutional changes on health services and patient care. In common with many professional organisations the College has been approached to respond to the rising number of public consultations, in total contributing to 72 out of 201 health-related consultation opportunities during 2014. The wide range of topics is illustrated by the following examples; in public health, the impact of e-cigarettes, minimum unit pricing and exercise; in professional standards, the duty of candour and plans for opt-out of organ donation and in organisational governance, the impact of integration of health and social care.

This year the College has recruited publicly and openly to vacancies on the Lay Advisory Committee and has been delighted with the response and calibre of candidates. This new group of lay advisers meets regularly with Council and has considerable influence over the College's strategy and policy determinations.

Library and information

The Library's outreach programme continued and featured a successful Festival Fringe production, 'Edinburgh Medical Detectives', which attracted over 500 visitors to the College. The University of Edinburgh/RCPE Cullen Letters digitisation project is now complete and was launched in May 2015. The Library also participated in the first phase of the Wellcome Trust UK Medical Health Library project and will have supplied 5,000 books for digitisation and inclusion in this new online resource by the end of this year. Other notable activities included the Edinburgh History of Medicine Group lecture series which attracted record audiences.

Award of Grants and Academic Fellowships

The College has a number of Trusts and funds at its disposal which were bequeathed or set aside for specific areas of research, education or more general use. A 3-year JMAS Sim Fellowship was awarded during the year to fund research into

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the biochemical aspects of depressive illness, tuition fees were paid for 14 students to attend the University of Edinburgh MSc Internal Medicine and a number of smaller bursaries and travel grants were also awarded in the year. This forms the core of our efforts to recognise and reward excellence.

Infrastructure

The main focus of infrastructure activities in 2014 was on progressing plans to redevelop the Conference Centre into a world class education venue, providing valuable space for shared learning accessible to all. Other developments included the refurbishment of the main gentlemen's cloakrooms, stonework repairs to the College façade and support for a rolling programme of improvements to AV and IT services.

Conference Centre Redevelopment Project

Following a feasibility study, and through a process of competitive tendering, the College appointed a professional team with extensive experience in delivering refurbishments that address contemporary needs whilst protecting much valued heritage.

The full project team is noted below:

- | | |
|--------------------------|--------------------------|
| • Gardiner & Theobald | Project Manager |
| • LDN Architects | Design Team Lead |
| • Thomson Gray | Quantity Surveyor/CDM |
| • David Narro Assoc. | Structural Engineer |
| • Irons Foulner | M&E Services Engineer |
| • Buro Happold | Fire Engineer |
| • People Friendly Design | Accessibility Consultant |
| • Sandy Brown Assoc. | Acoustic Consultant |

Working in accordance with the RIBA plan of work, the project team transformed outline designs into a workable scheme, taking account of ideas and solutions developed through briefing workshops and meetings with relevant stakeholders including College staff, Fellows and Members and other external bodies.

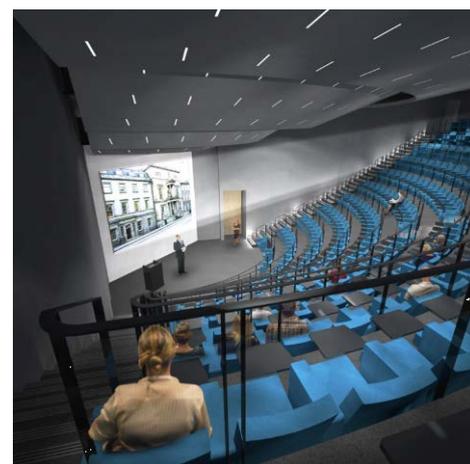
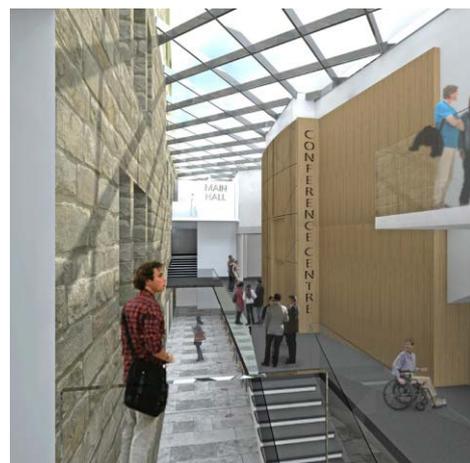
Design Developments

The preferred design, completed in April 2015, will deliver an integrated solution that enhances the operations of the College buildings as a whole by:

- optimising access through a dedicated new reception ensuring all delegates and visitors are well received through impressive, modern and comfortable facilities.
- creating an impressive glass-covered atrium and roof which links the historic and modern, becomes a new hub for visitors in which to work and relax and delivers full accessibility and circulation between different areas, types and levels of accommodation.
- undertaking a comprehensive refurbishment of the existing lecture theatre and foyer. The focus will be on delivering improvements to this unique asset which meet modern standards and expectations in terms of safety, accessibility, operation, IT infrastructure and environmental control. The proposals also make improvements to seating, projection and acoustics in the lecture theatre.
- Bringing the Conference Centre into the 21st century in terms of accessibility, legibility and visitor experience whilst maximising the use of the other accommodation to expand our capacity.

Statutory approvals

Both the City of Edinburgh Council and Historic Scotland have indicated strong support for the preferred design, agreeing that it will improve the current use of the listed property in line with the CEC Planning Department's support for the continuous use of historic buildings.



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Changes to programme and budget

Following advice from prospective contractors, the project team expect the period of construction to be 15 months commencing April 2016 subject to successful fundraising. A budget of £8m (including professional fees, contingency and VAT) will be required to complete the project with almost half already raised through the College's own funds and grants from charitable foundations. This represents the most significant investment in a generation and will secure the College's infrastructure for the next 25 years.

Contribution of Fellows and Members

The majority of College activity is guided and delivered by its Fellows and Members. Their support is given on a voluntary basis and the College very much values their input and expertise, particularly at a time when it is becoming increasingly difficult for doctors to find time away from clinical practice and responsibilities.

The College remains focused on engaging its membership in its principal activities by helping to both engineer capacity for doctors to support the College and by recognising their efforts. In addition to volunteer effort by members, the College is fortunate to have the support of an energetic Lay Advisory Committee. The value of services provided by volunteers is significant, however, it has not been included in these accounts as it is not easily quantifiable.

Further information on the work of the College is available on the new College website at www.rcpe.ac.uk.

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Financial review

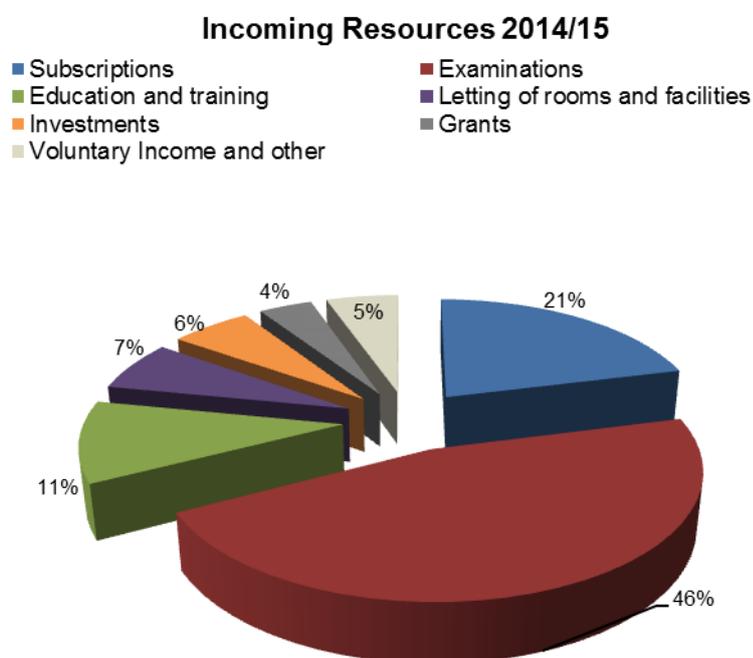
In 2014 UK GDP grew by 2.6%, the fastest annual rate since 2007, providing evidence of the continued economic recovery. In line with this growth in confidence, the College continued with a planned program of expansion of its charitable activities and infrastructure renewal and as a result saw its annual surplus across all funds fall to £45,532 (2013/14 £1,161,028).

The movement in surpluses between the years was influenced greatly by a number of bequests and one-off adjustments. Voluntary income included significant bequests of £581,324 in 2013/14 and £268,277 in 2014/15. In addition Education income and costs included a £180,000 deferral of JRCPTB training income and a £213,222 provision for future costs of the JMAS Sim fellowship respectively. If these are excluded, the adjusted 2014/15 surplus would be £170,477 compared to £579,704 in 2013/14, a reduction of £409,227 or 71%.

Comparable income was relatively flat across the period. Expenditure, however, increased significantly over the period as the College expanded its staffing, committed further reserves to its education and training activities and invested in both its IT and AV infrastructure. Once again this movement demonstrates that the College is committing funds to its core activities.

Incoming resources

Incoming resources across all funds were down on 2013/14 levels by £349,327 to £6,688,188.



The majority of the fall in total incoming resources in 2014 resulted from a reduction in Voluntary Income over the period, down £344,748 on last year. As in 2013/14, most of the income generated in this category came from a one-off single bequest for the benefit of the College library - Miss JPS Ferguson was a former librarian of the College and left a bequest of £268,277 in the form of an expendable endowment.

Activities for generating funds provided through conferencing, letting and events activity rose slightly on last year as a result of slowly improving trading conditions and investment in events marketing and training. Council has determined conditions are not yet sufficiently stable to contemplate the establishment of a trading subsidiary, although this will be considered ahead of the completion of the refurbishment of the Conference Centre and as part of a wider restructuring of College activities. Long-term rental income is now stable with all available space fully let.

Incoming resources from charitable activities were relatively flat, falling by £70,232 or 1% on the prior year. Variances within this category were driven primarily by the following:

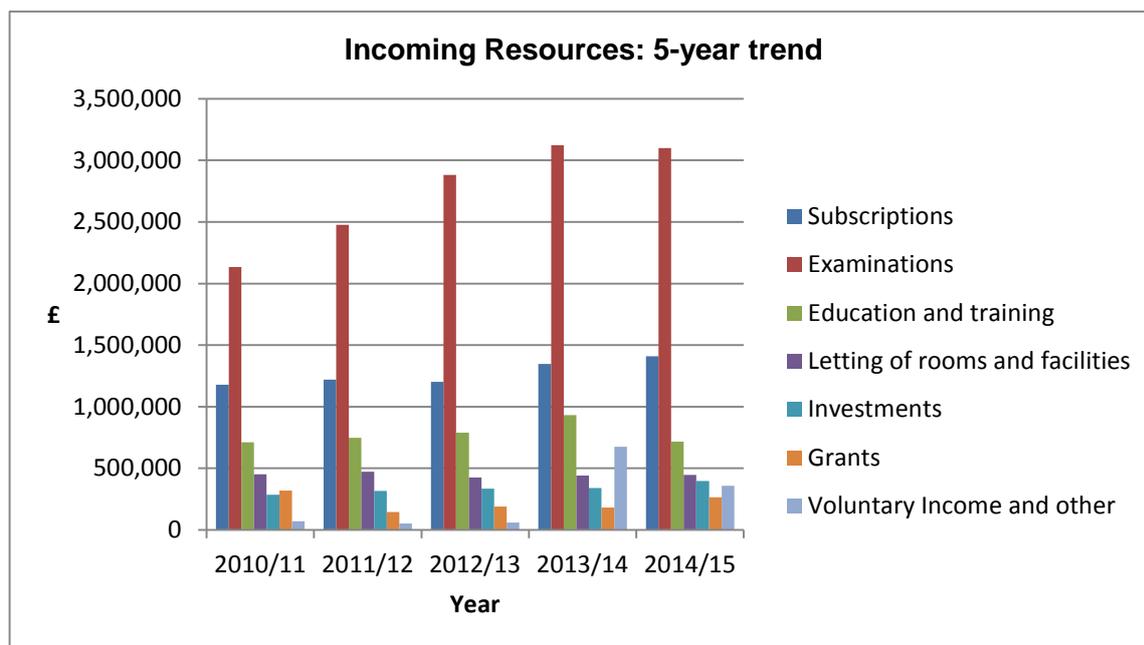
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- In recent years, the main growth in examinations and assessment income has come from activities overseas whilst UK activity levels have remained constant. However, overseas growth within the written papers now appears to be levelling off, with falls in candidate numbers in both exams. In contrast, SCE and PACES overseas income continues to grow. Overall, examinations income was steady at around £3m.
- Subscription income rose by 5% or £61,484 on the previous year, due to continuing efforts on Fellowship recruitment and increases in Collegiate and Associate subscription rates.
- Education and Training income fell by £215,468. The majority of this fall related to a one-off £180,000 adjustment made by the College to defer JRCPTB upfront fees and spread them over the training period. In addition PTB income fell between the periods by £89,896 due, in part, to a slight reduction in trainee numbers but also because 2013/14 income figures were inflated by £56,540 following recovery of training fees previously written off. Income from the RCPE education program rose due to the inclusion of 4 months of income from the 2014/15 MSc internal Medicine course.
- Grant income rose on 2013/14 levels due to the full year effect of an additional £84,360 for SHAAP to fund an 18 month EU Advocacy project.
- Other income includes administrative support for the Society for Acute Medicine which is now provided by the College.

Finally, Council has continued its policy of designating a significant part of the surplus of trading funds generated from unrestricted activities to support future ongoing maintenance and upgrade of the fabric and facilities of the College to ensure it is fit to deliver its educational, membership and other charitable and business needs in the coming years (see note 18d).

5-year trend in income



Exploring the 5-year trends, the growth in overseas written exam income is beginning to flatten. Total candidate numbers grew by 3% from 10,300 to 10,638 in the period, however, within this, candidates for Part 1 and Part 2 papers fell by 182, whilst PACES and SCE candidates continued to grow as a result of ongoing strategy work being undertaken to further develop the overseas clinical exam. Growth in subscription income has also continued, albeit at a slower pace – the ongoing effect of the strategy of expansion in Fellowship numbers. Excluding JRCPTB adjustments, underlying income from Education and Training events has grown in line with rising participant numbers both in person and via live web streams from around the world. Letting income has stabilised slightly along with improving market conditions.

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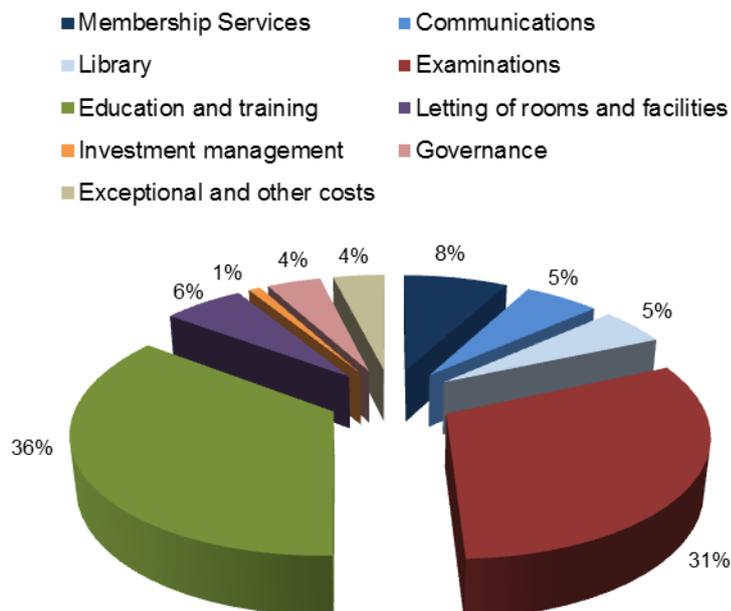
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Resources expended

Costs across all funds rose by £766,169 on last year to £6,642,656.

Resources Expended 2014/15



Costs associated with the letting of the College fell on last year by £187,848. This followed a comprehensive review of the basis of allocation of College overheads which saw a much larger proportion of downtime (when the Ceremonial and Conference Centre facilities are unused) apportioned to the charitable activities of the College. In previous years this was all allocated to the events business.

Investment management costs remained static as compared with last year with a transfer of investments to cash reserves, in preparation for the upcoming Conference Centre refurbishment project, offset by capital growth of a similar value

Within the Charitable activities of the College, the rise in Membership services and Communications expenses by £84,830 was due to the aforementioned change of the basis of allocation of overheads. Library costs also rose due to the employment of a modern archivist during the year.

Examination costs rose by only 1% or £19,018. Within this were several offsetting movements. Cost increases came from higher PACES international delivery costs as additional spaces were offered in Myanmar, Brunei and Qatar. Overheads in shared offices for Federation also increased after a review of charges. Exam development costs fell with lower Examination Board officer costs and a reduced spend on infrastructure projects.

In Education and training, costs rose significantly by 43% or £749,448 in the year. Within the General fund, costs relating to the core educational program rose by £40,184 – in line with more events and higher delegate numbers and an accrual for the current year costs of the MSc Internal Medicine course. Salary costs rose by £133,057 due to the expansion of both the Education and Standards departments. The review of College overheads also saw education and training picking up a £165,204 higher share of the support costs than last year. Within the Restricted and Endowed funds, various grants were awarded during the year, the largest being the 3-year JMAS Sim Fellowship which amounted to £298,296. An increase in SHAAP project costs of £59,509 related to the delivery of an EU Advocacy project fully funded by the Scottish Government.

The College is committed to maintaining the fabric of its historic buildings and during the year spent £248,335 on refurbishing the gentlemen's cloakrooms available for the use of Fellows and Members, repairing the stonework at the front of numbers 12 & 13 Queen Street and on the design phase of the Conference Centre project.

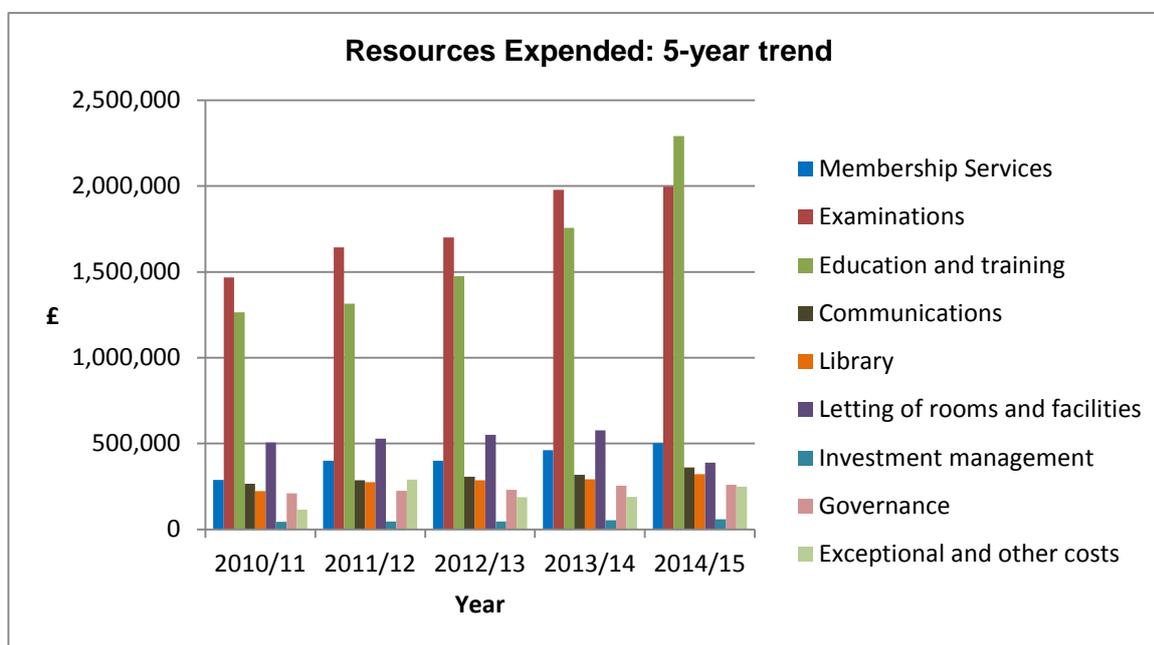
Finally, the increased level of support costs reflect the effect of the change in estimated cost allocation basis mentioned above. The proportion of downtime allocated to the lettings business has fallen thus increasing the support costs to be

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spread across the rest of the College activities. Governance costs have increased but only marginally as the College maintains executive costs at realistic and manageable levels.

5-year trend in expenditure

The 5-year trend for expenditure has been fairly consistent in recent years; however the change in estimation of overhead allocations basis has had an impact this year.



Spend on examinations delivery has risen consistently along with increased candidate numbers. This year it has levelled off in line with the flattening of demand. Education spend also shows a general upward trend across the period as reserves, built up through examinations and membership activities, are redirected to support the growing educational programme as well as the development of online training, web streaming and video conferencing; all designed to address the increasingly wide geographical spread of Fellows and Members. The steep increase this year is due to targeted expansion in activities, the revised overhead allocation and commitment to the JMAS Sim Research Fellowship which has not been awarded for some years.

In the last few years, letting costs have been growing in line with increased marketing. However, the revised overhead allocations now provide a fairer picture of the profitability of this business, pushing costs into other parts of the College. Increases in investment management and governance costs have been limited, reflecting the commitment to tight control in these areas. Exceptional and other costs include building refurbishment costs and vary year on year.

Investment performance

The RCPE portfolio as a whole was up 8% against the benchmark of 10.5%.

Fixed income performance continued to strengthen over the period, however, with the College portfolio underweight in this asset class, overall investment performance was inhibited. The reasons for underweighting this asset class relative to the benchmark are two-fold. Firstly, our advisors asserted that fixed income stocks were currently expensive with 10 year yields hitting a low of 1.3% over the period; secondly, a proportion of assets have been held in the Smith and Williamson Corporate Bond Fund, in order to meet the capital requirements of the conference centre redevelopment project.

Equities provided better long-term income and capital growth characteristics. However, the UK equity market was held back by a high weighting to oil and gas and mining stocks, which meant the FTSE All Share returned 7% over the period, compared to overseas equities such as North America (up 23.5% in Sterling terms) and Japan (up 12.3%).

Performance was also affected by substantial changes to the portfolio with £1m of value transferred out into more liquid deposits in preparation for the delivery of the Conference Centre redevelopment project. Despite this transfer, the capital

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value of the portfolio at 31st January 2015 was £11.6m, a fall of only £38,000 from a year ago, reflecting strong capital growth over the period. Dividends and interest paid out totalled £345,286.

Investment policy

The investments of the College are held as part of a portfolio managed by Adam & Company Investment Management Ltd. The Trustees meet quarterly with the College's investment managers. At each meeting an investment report is provided detailing the performance of the portfolio over the quarter, measured against a range of standard stock market indices. The Trustees have considered the most appropriate investment policy for the College and have directed the investment managers to:

- achieve a minimum absolute income target, set by the Trustees from time to time, which will be expected to grow ahead of the rate of inflation (as measured by the change in the RPI in a given period) but will not prejudice the pursuit of long-term growth opportunities;
- deliver overall performance ahead of the Gross Fund Income Index benchmark as a minimum;
- avoid direct investment in the tobacco industry;
- manage the portfolio on a medium risk basis; and
- maintain a diversified portfolio, investing in companies with strong balance sheets and visible, reliable earnings.

The Trustees also agreed with Council that investment policy should focus on maintaining a diversified portfolio and investing in companies with strong balance sheets and visible, reliable earnings.

As part of planning for funding of the Conference Centre redevelopment project, the Trustees agreed to rebalance the portfolio to 'lock in' added value gained over recent periods. This was achieved successfully by transferring approximately £2m of equities to lower risk investments, including fixed interest corporate bonds, £1m of which was subsequently realised and is now being held under cash deposit. This adaption of policy, designed to meet funding needs for the redevelopment project, will remain under review as plans crystallise.

Reserves

The College has a healthy balance of unrestricted reserves, as at 31st January 2015, of £10,349,420 (2014: £9,886,650). These are held as general and designated reserves and comprise the value of assets and investments of the College derived from past and current unrestricted operating results. The College currently holds unrestricted reserves of between one and two times its annual unrestricted operating costs.

Unrestricted reserves exclude restricted and endowment funds, most of which are used to support specific purposes attributed to those funds only. The College relies on income generated by its assets to achieve its objectives and has determined that the current level of reserves should be, where possible, improved. The policy remains to build modest reserves by achieving annual operating surpluses and through judicious management of funds and investment assets.

Future periods

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

Standards

The College's focus on acute medical units will remain as the clinical pressures in emergency care continue to grow. The College is also committed to finding cost-effective solutions to improve patient experience and outcomes, including the support of quality improvement programmes, research, clinical guidance and guidelines. In terms of professional standards, the College will support Fellows and Members to revalidate in line with the requirements of the regulator.

Examinations and assessments

The flagship MRCP (UK) examination is now mandatory for UK trainees and the College will work to secure capacity in the UK and internationally to satisfy the demand for places and support trainees applying for their next posts. Specialty Certificate Examinations are now being actively promoted internationally, tapping into opportunities to grow markets. Workplace-based assessments for UK trainees will be refined to improve their functionality. Continued investment in IT systems will also help to improve online communication with candidates, offer more choice and flexibility on application and bring cost and system efficiencies.

Education and training

The education strategy for 2014 to 2016 was developed and approved by Council in 2013. Specific priorities include the development of new courses, a mentoring scheme for new consultants, the continued internationalisation of the education programme and further development of the online portal. Support for educational supervisors is also a priority.

The College will continue to balance its educational programme between clinical and non-clinical and generalist and specialist education, across the different constituent groups. We will continue to increase the number of sites receiving educational events via web streaming and video conferencing to both widen access and achieve cost-efficiencies through reduced travel. Through the Medical Training Initiative, the College will continue to place overseas doctors in training posts for up to two years.

Representing Fellows and Members

The College is committed to representing Fellows and Members' views and to ensure that these influence College policy and, in particular, the development of clinical and professional standards. This will build on the progress made with our acute work streams. We will also engage with the implementation of the Shape of Training review and continue our on-going work aimed at influencing policy and preventing further serious failings in care as reported in Mid Staffordshire, Morecombe Bay and Vale of Leven. Our recruitment strategy will continue to seek to attract a higher proportion of working consultant physicians to Fellowship. In parallel we will continue to encourage the early conversion of MRCP (UK) diplomates to Collegiate Membership to strengthen our representative base.

Policy

Our policy work will continue to be informed by the views of our Fellows and Members, and our priorities include working to prevent 'where next' in terms of the enquiries into serious failings in hospital care. We will call for minimum staffing levels, improved patient flow, moving towards 7-day services and attracting more doctors to work in acute medical specialties.

Our public health priorities include a watching brief on tobacco control, lobbying for minimum unit pricing for alcohol across the UK and developing a strategic approach to wider health and wellbeing issues, and working with colleagues across the health sector.

Infrastructure

Significant focus will be placed on logistical preparations and planning ahead for the proposed redevelopment of the Conference Centre. This will include relocating staff and services that will be affected during the construction phase and ensuring that College educational events can be delivered to the same standard in alternative spaces in the College. The latter will include upgrades to the video conferencing, web streaming and other related services in the Great Hall as well as across the College. The Library Committee is also committed to improving and increasing the current quality and capacity of storage under the New Library by replacing the existing fixed shelving with a movable shelving system. The College is exploring options to enhance its IT operating platforms in line with its strategy to improve services to its membership at all career stages.

Conference Centre Redevelopment Project

Following approval at Council in April 2015, work will now progress to the detailed design, planning and construction tender phases with work on site expected to commence in April 2016 and completion of the project anticipated to be in June 2017.

Royal College of Physicians of Edinburgh
Annual Report and Accounts
For the year ended 31st January 2015

At present the College has identified £3.25m of reserves to support the project and generated £500,000 of pledges from fundraising to date. This leaves a significant shortfall to be bridged and a committee has been established to lead the fund raising effort.

Council will receive progress reports on both project and fundraising activities throughout the year and will make a final decision to proceed to the construction stage in December 2015.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31st January 2015

Council's responsibilities

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

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

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

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

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

Approved by the Council of the College on the 26th June 2015 and signed on its behalf by:

President: Professor Derek Bell



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

We have audited the accounts of the Royal College of Physicians of Edinburgh for the year ended 31 January 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Council and auditor

As explained more fully in the Council's Responsibilities Statement set out on page 15, the Council is responsible for the preparation of accounts which give a true and fair view.

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

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 January 2015 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

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

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

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

26th June 2015

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

Statement of Financial Activities
(incorporating the Income and Expenditure Account)
for the year ended 31st January 2015

	Notes	Unrestricted funds General £	Unrestricted funds Designated £	Restricted funds £	Endowment funds £	Total funds 2015 £	Total funds 2014 £
Incoming resources							
Incoming resources from generated funds							
Voluntary income	2	5,000	-	2,379	274,277	281,656	626,404
Activities for generating funds	3	445,772	-	-	-	445,772	439,931
Investment income		96,645	31,133	1,844	268,390	398,012	338,338
Incoming resources from charitable activities							
	4	5,363,736	-	198,118	-	5,561,854	5,632,086
Other incoming resources							
	5	894	-	-	-	894	756
Total incoming resources		5,912,047	31,133	202,341	542,667	6,688,188	7,037,515
Resources expended							
Costs of generating funds							
Fundraising: cost of goods sold and other costs	6	388,406	-	-	-	388,406	576,254
Investment management	6	27,020	363	-	30,969	58,352	52,480
Charitable activities							
	7	5,085,007	38,525	239,064	325,879	5,688,475	4,805,442
Other resources expended							
	8	-	235,217	-	13,118	248,335	188,592
Governance costs							
	9	254,855	49	-	4,184	259,088	253,719
Total resources expended		5,755,288	274,154	239,064	374,150	6,642,656	5,876,487
Net incoming/(outgoing) resources before transfers		156,759	(243,021)	(36,723)	168,517	45,532	1,161,028
Transfers between funds	18d	(115,120)	131,492	-	(16,372)	-	-
Net incoming/(outgoing) resources before other gains and losses		41,639	(111,529)	(36,723)	152,145	45,532	1,161,028
Other recognised gains and losses							
Realised investment gains		24,710	644	-	53,616	78,970	74,203
Unrealised investment gains		117,983	4,323	-	369,961	492,267	650,869
Gain on revaluation of heritable property		385,000	-	-	-	385,000	-
Net movement in funds		569,332	(106,562)	(36,723)	575,722	1,001,769	1,886,100
Total funds brought forward		8,415,762	1,470,888	179,683	9,539,130	19,605,463	17,719,363
Total funds carried forward		8,985,094	1,364,326	142,960	10,114,852	20,607,232	19,605,463

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 20 to 33 form part of these accounts.

Balance Sheet
as at 31st January 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible fixed assets	12	4,647,810	4,226,897
Investments	13	<u>11,596,395</u>	<u>11,635,159</u>
		16,244,205	15,862,056
Current assets			
Stocks		20,912	15,867
Debtors	14	1,285,520	1,791,938
Cash at bank and in hand		3,694,442	1,999,885
- Unrestricted		1,456,633	1,580,007
- Restricted and endowment		<u>6,457,507</u>	<u>5,387,697</u>
Creditors: amounts falling due within one year	15	<u>(1,795,093)</u>	<u>(1,644,290)</u>
Net current assets		<u>4,662,414</u>	<u>3,743,407</u>
Total assets less current liabilities		20,906,619	19,605,463
Creditors: amounts falling due after one year	16	<u>(299,387)</u>	-
Net assets		<u>20,607,232</u>	<u>19,605,463</u>
Endowment funds	18b	10,114,852	9,539,130
Restricted funds	18c	142,960	179,683
Unrestricted funds (<i>general and designated funds</i>)	18/18a	<u>10,349,420</u>	<u>9,886,650</u>
Total funds	18	<u>20,607,232</u>	<u>19,605,463</u>

Approved by the Council of the College on the 26th June 2015 and signed on its behalf by:

President: Professor Derek Bell

Treasurer: Professor Charles Swainson

The notes on pages 20 to 33 form part of these accounts.

Cashflow Statement

for the year ended 31st January 2015

	Notes	£	2015 £	2014 £
Net cash inflow from operating activities	19		800,426	135,593
Returns on investment and financing			129,622	118,844
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(137,383)		(60,606)
Payments to acquire investments		(1,795,846)		(2,040,107)
Receipts from sales of investments		2,521,775		1,596,224
Net movement attributable to endowment fund investments		299,633		307,775
			888,179	(196,714)
Financing				
Endowment fund income	19	542,667		428,381
Endowment fund expenditure	19	(374,150)		(62,440)
Net movement attributable to endowment fund investments		(299,633)		(307,775)
			(131,116)	58,166
Increase in cash	20		1,687,111	115,889

The notes on pages 20 to 33 form part of these accounts.

1 Statement of accounting policies

Preparation of financial statements

The financial statements of the College are prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 (SORP 2005), the Charities Accounts (Scotland) Regulations 2006 (as amended), The Charities and Trustee Investment (Scotland) Act 2005, and in accordance with applicable accounting standards in the UK.

These accounts are drawn up on the historical cost convention with the exception that investments are carried at market value and heritable property is carried at a value in accordance with the provisions of SORP 2005. The following paragraphs describe the specific policies adopted for recognition of significant categories of incoming resources and of expenditure.

Going concern

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.

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 18.

Incoming resources

Voluntary income

Voluntary income is received by way of donations, legacies and gifts and is accounted for in the Statement of Financial Activities when receivable.

Legacies and donations for purposes restricted by the wishes of the donor are identified as restricted funds. Where no restriction has been placed they are treated as unrestricted donations. Legacies and donations required to be retained as capital are accounted for as endowments – permanent or expendable according to the nature of the restriction. Legacies are credited to the Statement of Financial Activities as soon as the conditions for receipt have been met and there is reasonable assurance and accuracy in respect of the amounts receivable.

Investment income

Investment income is included when receivable and is allocated to unrestricted, restricted or endowed funds on an appropriate basis.

Subscription income

Subscription income received from Fellows and Members purchases the right to services and benefits. On this basis, subscription income is recognised in the accounts on a pro-rata basis for the period of time covered by the subscription.

Fees and similar income

Fees receivable, charges for services and use of premises are accounted for in the period in which the service is provided.

Grants and sponsorship

Grants and sponsorship income is normally accounted for when it becomes receivable. Such income is deferred only where there is a receipt of a grant for expenditure in a future accounting period.

Donated services and facilities

Donated services and facilities are included at the value to the charity, where this can be quantified. The value of services provided by volunteers has not been included in these accounts as it is not reasonably quantifiable or measurable.

Resources expended

Resources expended are recognised on an accruals basis when a legal or constructive obligation to pay arises. They are shown under the appropriate category. The irrecoverable element of VAT is allocated to the related individual cost.

Costs of generating funds

These comprise the costs associated with generating 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 charity 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 charity and include the audit fees and costs linked to the strategic management of the charity.

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 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.

During the year, the College reviewed the allocation of the costs and from February 2014 estimated that a greater proportion of staff time and overheads were attributable to charitable activities. The revised estimate was therefore applied to the related costs. The material effect of this change is to increase costs on Charitable Activities by £226,000, and reduce Costs of Generating Funds by a similar amount.

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 4 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.

Tangible fixed assets

Financial Reporting Standard 15 requires all tangible fixed assets to be 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 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 value of the property under Financial Reporting Standard 11 is equal to the carrying value in the financial statements.

Land is not depreciated.

Other fixed assets

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

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

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

Heritage assets

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

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

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

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

Further information is provided in Note 12a.

Investments

Investments are shown in the balance sheet at 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.

Stock

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

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 £103,499 (2014: £98,848).

Notes to the Accounts (continued)
for the year ended 31st January 2015

	Unrestricted funds £	Restricted and endowment funds £	Total 2015 £	<i>Total 2014 £</i>
2 Voluntary income				
Donations	5,000	2,379	7,379	45,080
Bequests and legacies	-	274,277	274,277	581,324
	<u>5,000</u>	<u>276,656</u>	<u>281,656</u>	<u>626,404</u>
3 Activities for generating funds				
Letting of rooms and facilities	445,772	-	445,772	439,931
	<u>445,772</u>	<u>-</u>	<u>445,772</u>	<u>439,931</u>
4 Incoming resources from charitable activities				
Subscriptions	1,409,734	-	1,409,734	1,348,250
Examinations	3,098,668	-	3,098,668	3,123,854
Education and training	715,151	-	715,151	930,619
Grants	67,520	195,682	263,202	181,268
Other	72,663	2,436	75,099	48,095
	<u>5,363,736</u>	<u>198,118</u>	<u>5,561,854</u>	<u>5,632,086</u>

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

5 Other incoming resources				
Gain on sale of assets	894	-	894	756
	<u>894</u>	<u>-</u>	<u>894</u>	<u>756</u>

	Direct costs £	Support costs £	Total 2015 £	<i>Total 2014 £</i>
6 Costs of generating funds				
Fundraising: cost of goods sold and other costs:				
Letting of rooms and facilities	182,937	205,469	388,406	576,254
Investment management	41,851	16,501	58,352	52,480
	<u>224,788</u>	<u>221,970</u>	<u>446,758</u>	<u>628,734</u>

Following a review of the allocation of costs during the year, from February 2014 a greater proportion of staff time and overheads were deemed attributable to charitable activities as set out in the accounting policies on page 17 and as demonstrated in note 7 below.

7 Resources expended on charitable activities				
Membership services	332,546	170,470	503,016	462,131
Communications	280,264	81,043	361,307	317,362
Library	261,513	60,416	321,929	292,192
Examinations	1,862,653	134,273	1,996,926	1,977,908
Education and training	2,068,942	436,355	2,505,297	1,755,849
	<u>4,805,918</u>	<u>882,557</u>	<u>5,688,475</u>	<u>4,805,442</u>

Examinations and education and training expenditure figures shown above include resources expended by the College in delivering assessment, specialist training and professional development activities collaboratively through the Federation of Royal Colleges of Physicians. The Federation is a joint arrangement of the three medical royal colleges of physicians in the UK established to manage joint working in agreed areas.

Notes to the Accounts (continued)
for the year ended 31st January 2015

7 Resources expended on charitable activities (continued)

Grant making activities

Included within Education and training direct costs are grants made by the College during the year totalling £347,071 (2014: £22,108) from designated and endowed funds as follows:

	2015 £	2014 £
Tuition fees for 14 (2014: 7) students of Msc Internal Medicine at the University of Edinburgh	37,525	17,908
3 year JMAS Sim Fellowship at the University of Edinburgh - see note 18b	298,296	-
Other bursaries and research related grants to individuals and institutions	11,250	4,200
	347,071	22,108

8 Other resources expended

	Direct costs £	Support costs £	Total 2015 £	Total 2014 £
Major building costs	248,335	-	248,335	188,592
	248,335	-	248,335	188,592

Major building costs shown were incurred in relation to the refurbishment of the Gents cloakroom, stonework repairs at No 12 & 13 Queen Street and the design phase of the Conference Centre project and were borne by the designated Fabric Fund and the Marjorie Robertson Trust (see notes 18a & 18b).

9 Governance costs

	Direct costs £	Support costs £	Total 2015 £	Total 2014 £
Staff costs	-	139,410	139,410	156,608
Auditors' fees	13,553	-	13,553	13,163
Legal and professional fees	19,306	-	19,306	19,011
Other	-	86,819	86,819	64,937
	32,859	226,229	259,088	253,719

10 Analysis of support costs

	Staff costs £	Other costs £	Total 2015 £	Total 2014 £
Costs of generating funds	136,786	85,184	221,970	205,989
Charitable activities	543,863	338,694	882,557	645,326
Governance costs	139,410	86,819	226,229	221,545
	820,059	510,697	1,330,756	1,072,860

Other support costs comprise:

Building upkeep, repairs and management			190,511	95,979
IT costs			78,573	41,692
Utilities			76,021	44,460
Travel and subsistence			53,033	57,900
Other general management overheads			112,559	74,434
			510,697	314,465

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.

Notes to the Accounts (continued)

for the year ended 31st January 2015

11 Remuneration and related party transactions	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 £
Wages and salaries	1,669,134	92,151	1,761,285	1,630,042
Social security costs	159,685	8,152	167,837	158,043
Pension costs	100,820	2,679	103,499	98,848
Training and other employee costs	51,670	1,364	53,034	42,133
	<u>1,981,309</u>	<u>104,346</u>	<u>2,085,655</u>	<u>1,929,066</u>

Average number of employees during the period (full-time equivalent): **54** 48

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

£60,000 - £70,000	1	1
£90,001 - £100,000	1	1

Total pension contributions in the year for employees whose emoluments exceed £60,000 were £27,755 - 2 employees (2014: £26,765 - 2 employees).

No trustee received any remuneration during the year. Reimbursement of travel expenses to 20 (2014: 22) Council Members amounted to £42,364 (2014: £52,760). 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 (2014: £Nil).

12 Tangible fixed assets	Heritable property £	Computers and other equipment £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation					
1 February 2014	4,075,000	740,747	129,766	115,269	5,060,782
Additions	-	82,919	49,313	5,151	137,383
Revaluation	385,000	-	-	-	385,000
31 January 2015	<u>4,460,000</u>	<u>823,666</u>	<u>179,079</u>	<u>120,420</u>	<u>5,583,165</u>
Accumulated depreciation					
1 February 2014	-	652,776	78,515	102,594	833,885
Charge for the year	-	79,363	17,908	4,199	101,470
31 January 2015	<u>-</u>	<u>732,139</u>	<u>96,423</u>	<u>106,793</u>	<u>935,355</u>
Net book value at 31 January 2015	<u>4,460,000</u>	<u>91,527</u>	<u>82,656</u>	<u>13,627</u>	<u>4,647,810</u>
<i>Net book value at 31 January 2014</i>	<u>4,075,000</u>	<u>87,971</u>	<u>51,251</u>	<u>12,675</u>	<u>4,226,897</u>

The heritable property of the College was revalued by DTZ on 20th March 2015. They assessed the market value with vacant possession to be £4,460,000.

12a Further information on the College collection of heritage assets

Sibbald Library collection

The Sibbald Library Collection, which comprises approximately 50,000 medical books and manuscripts, has been developed over the last 330 years and is used for reference, research and education. The College occasionally makes available, on loan, items from the collection to Fellows and Members of the College and other medical institutions.

At any time, approximately 50% of the Collection is on display. The remaining items are held in safe storage but access is permitted to scholars and others for research purposes, and items from storage are occasionally made available for public viewing.

The College has made no disposals from its Library Collection in the last five years.

Management

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

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

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

Preservation

Expenditure which, in the view of the charity trustees, is required to preserve or prevent further deterioration of the Library Collection is recognised in the Statement of Financial Activities when it is incurred. The College is currently upgrading the environmental protection systems for those parts of the Collection in storage. 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 31st January 2015

13 Investments	Unrestricted £	Endowment £	Total £
Opening market value	3,437,954	8,108,301	11,546,255
Additions in year	485,785	1,310,061	1,795,846
Disposals in year	(1,485,993)	(956,812)	(2,442,805)
Unrealised gain during year	122,306	369,961	492,267
Closing market value at 31 January 2015	<u>2,560,052</u>	<u>8,831,511</u>	11,391,563
Investment cash balance	<u>46,032</u>	<u>158,800</u>	204,832
Closing portfolio valuation at 31 January 2015	<u>2,606,084</u>	<u>8,990,311</u>	<u>11,596,395</u>
<i>Historical cost at year end</i>	<u><i>1,897,864</i></u>	<u><i>6,547,134</i></u>	<u><i>8,444,998</i></u>
Fixed interest	179,833	620,378	800,211
UK debenture and loan stocks	506,672	1,747,886	2,254,558
UK equities	1,224,444	4,224,013	5,448,457
Investments and unit trusts	510,617	1,761,495	2,272,112
Overseas	138,486	477,739	616,225
Cash	<u>46,032</u>	<u>158,800</u>	204,832
	<u>2,606,084</u>	<u>8,990,311</u>	<u>11,596,395</u>

The investments of the College are held as part of a portfolio managed by Adam & Company Investment Management Ltd. Value is attributed to individual unrestricted and endowment funds on an unitisation basis. The portfolio was reunited at the beginning of 2014/15 to ensure that the opening capital cash and security values reflected the overall portfolio value held by each individual unrestricted and endowment fund.

At 31st January 2015, Smith and Williamson Short Dated Corporate bonds made up 13% of the total value of the College Portfolio.

	2015 £	2014 £
14 Debtors		
Subscriptions and fees	209,591	162,756
Educational fee and grant debtors	80,816	95,018
Accrued income	50,061	14,117
Sundry debtors	805,971	1,408,579
Prepayments	138,806	108,182
VAT and tax debtor	275	3,286
	<u>1,285,520</u>	<u>1,791,938</u>

Notes to the Accounts (continued)
for the year ended 31st January 2015

	2015	2014
	£	£
15 Creditors: amounts falling due within one year		
Trade creditors	127,381	96,780
Other creditors and accruals	283,575	293,163
VAT and tax creditor	56,934	55,091
Deferred income	<u>1,327,203</u>	<u>1,199,256</u>
	<u>1,795,093</u>	<u>1,644,290</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 and the process for providing external assessors for recruitment panels for consultants. The balance of funds held by the College at the year end of £76,416 (2014: £85,783) is accounted for within other creditors and accruals. The College also acts as custodian of funds for its Senior Fellows' Club. The year end balance of £6,391 (2014: £5,833) is also accounted for within other creditors and accruals.

Deferred Income

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

	Brought Forward 31 Jan 2015	Utilised in year	Received & deferred to 2015/16	Received & deferred to future years	Carried Forward 31 Jan 2015
	£	£	£	£	£
Subscriptions	886,159	(886,159)	920,093	-	920,093
Events planned	179,178	(162,006)	135,115	8,660	160,947
Education income	50,475	(50,475)	168,751	77,505	246,256
Exam income	15,111	(15,111)	17,739	-	17,739
Grant income	<u>68,333</u>	<u>(68,333)</u>	<u>68,333</u>	<u>-</u>	<u>68,333</u>
	<u>1,199,256</u>	<u>(1,182,084)</u>	<u>1,310,031</u>	<u>86,165</u>	<u>1,413,368</u>

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

	2015	2014
	£	£
16 Creditors: amounts falling due after more than one year		
Other creditors and accruals	213,222	-
Deferred Income	<u>86,165</u>	<u>-</u>
	<u>299,387</u>	<u>-</u>

Other creditors falling due after more than one year relate to funding for the 2nd and 3rd years of a 3 year JMAS Sim Fellowship at the University of Edinburgh - see note 7.

	2015	2014
	£	£
17 Contracts and commitments		
Leasing		
For office equipment leases expiring within one year - per annum	15,061	-
For office equipment leases expiring within two to five years - per annum	9,723	22,362
For office equipment leases expiring in more than five years - per annum	<u>3,564</u>	<u>-</u>
	<u>28,348</u>	<u>22,362</u>

Notes to the Accounts (continued)
for the year ended 31st January 2015

18 Analysis of College net assets by fund	Fixed assets £	Investments £	Net current assets £	Long-term Liabilities £	Fund balances £
Unrestricted funds	4,644,930	2,606,084	3,184,571	(86,165)	10,349,420
Endowment funds	-	8,990,311	1,337,763	(213,222)	10,114,852
Restricted funds	2,880	-	140,080	-	142,960
	<u>4,647,810</u>	<u>11,596,395</u>	<u>4,662,414</u>	<u>(299,387)</u>	<u>20,607,232</u>

Unrestricted funds, which include designated funds, are free for use by the charity trustees in accordance with the charitable objects of the College. Endowment and restricted funds have purposes attached which, in general, are related to the provision of information to the public and education for doctors in training and in practice. Over 90% of the expendable endowment funds, which have a total value of £2,839,282 at 31st January 2015, are available for use in support of the College's core charitable activities. Further details of the designated, endowment and restricted funds held by the College can be found in note 18a, 18b and 18c respectively.

18a Designated funds: movements in the year

	<i>Balance at 31 January 2014</i> £	Income £	Expenditure £	Transfers and investment gains £	Balance at 31 January 2015 £
Education Fund	181,968	3,634	(412)	4,740	189,930
Fabric Fund	1,274,970	27,268	(235,217)	(1,505)	1,065,516
MSc Internal Medicine Fund	3,850	152	(37,525)	128,224	94,701
Prizes & awards Fund	10,100	79	(1,000)	5,000	14,179
	<u>1,470,888</u>	<u>31,133</u>	<u>(274,154)</u>	<u>136,459</u>	<u>1,364,326</u>

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

Designation of the funds

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

Income derived from investment capital held in the Education Fund of £104,225 (2014: £99,259) and other reserves forming part of this fund are designated to support online education or any other purpose in line with current Education strategy. Funds will be made available on application from internal stakeholders subject to the approval of the Finance Committee.

A sum of £1,000,000 in the Fabric Fund has been earmarked as a contribution to the future refurbishment of the Conference Centre, of which £550,000 is currently held on long-term deposit. The Conference Centre refurbishment project is proceeding as planned for 2016. A further £42,000, being the General Fund surplus for 2014/15, has also been set aside for this purpose and will be transferred in 2015/16. The remainder of the fund has been designated as a source of funding to support annual building costs or charges over the next few years and will be made available on application from internal stakeholders subject to the approval of the Finance Committee.

In 2013, the College, in conjunction with the University of Edinburgh, launched an MSc in General Internal Medicine. During the year 2014/15 a sum of £128,224 (2014: £21,748) representing the proceeds from 2012/13 and 2013/14 was transferred into the designated fund. Net proceeds from the course will provide scholarships for doctors from the UK and abroad with particular emphasis on candidates from developing countries.

The Prizes and Awards Fund is intended to benefit medical trainees and Collegiate Members through the provision of a range of prizes and awards and seeks to promote excellence in training and reward educational research. This will form part of a prizes and awards strategy due to be implemented in full in 2015. During the year a donation of £5,000 was transferred into the fund.

Notes to the Accounts (continued)

for the year ended 31st January 2015

18b Endowment funds: movements in the year

	Balance at 31 January 2014 £	Income £	Expenditure £	Transfers and investment gains £	Balance at 31 January 2015 £
Permanent endowments					
W A Alexander Bequest	17,218	523	(71)	409	18,079
Freeland Barbour Fellowship	28,000	816	(109)	1,273	29,980
Alexander Black Bequest	5,829	154	(20)	231	6,194
John Hamilton Brown Bequest	122,361	3,157	(402)	4,649	129,765
Sir James Cameron Bequest	9,673	269	(35)	408	10,315
Clouston Memorial Trust	4,739	104	(12)	142	4,973
Ghulam Mohi-Ud Din Trust	4,268	86	(10)	112	4,456
George A Gibson Lectureship	763	21	(3)	30	811
Verona Gow Bequest	114,111	2,830	(354)	4,091	120,678
Mohamed Haniffa Hamza Bequest	1,979	49	(6)	72	2,094
Jessie MacGregor Prize	11,534	252	(29)	338	12,095
James MacKenzie Medal	2,335	48	(5)	63	2,441
Alexander Morison Fund	2,567	31	(2)	21	2,617
Stelios Nicolaides Fund	2,406	41	(4)	47	2,490
Hill Pattison-Struthers Bursaries	21,533	495	(560)	688	22,156
Robert Philip Memorial Lectureship	55,129	1,612	(1,758)	2,527	57,510
HGH Richards Bequest	-	6,109	(14)	153	6,248
Miss Janet Reid Trust	57,728	1,396	(2,673)	1,997	58,448
Catherine Wedderburn Rintoul Fund	60,953	1,787	(240)	2,787	65,287
Russell Bequest	884,473	26,499	(3,589)	41,571	948,954
John Matheson Shaw Bequest	18,456	449	(56)	643	19,492
Myre Sim Bequest	1,062,100	31,749	(9,966)	49,777	1,133,660
JMAS Sim Fellowship	4,357,821	114,791	(320,267)	170,927	4,323,272
Sydney Watson Smith Bequest	226,171	6,208	(3,385)	9,415	238,409
Peter Morrison Tolmie Bequest	28,906	689	(585)	977	29,987
Watson Lecture	2,155	41	(4)	51	2,243
Wood Bursary	22,062	576	(574)	852	22,916
	<u>7,125,270</u>	<u>200,782</u>	<u>(344,733)</u>	<u>294,251</u>	<u>7,275,570</u>
Expendable endowments					
Bryan Ashworth Bequest	583,899	18,009	(2,320)	27,975	627,563
Ambuj Nath Bose Bequest	1,195	21	(2)	25	1,239
William Cullen Prize	12,846	309	(38)	441	13,558
Stanley Davidson Trust	478,202	13,536	(1,794)	20,752	510,696
Education & Research Trust	483,343	13,554	(4,415)	20,705	513,187
Joan Ferguson Bequest	-	271,921	(453)	5,105	276,573
Marion B M Lindsay Bequest	54,930	1,595	(2,214)	2,507	56,818
Lister Fellowship	27,893	675	(83)	962	29,447
Charles McNeil Lectureship	19,502	470	(58)	668	20,582
Alexander Morison Lectureship	6,386	123	(13)	152	6,648
Marjorie Robertson Trust	745,664	21,672	(18,027)	33,662	782,971
	<u>9,539,130</u>	<u>542,667</u>	<u>(374,150)</u>	<u>407,205</u>	<u>10,114,852</u>

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

Notes to the Accounts (continued)
for the year ended 31st January 2015

18b Endowment funds: movements in the year (continued)

Endowed funds in excess of £500,000 have the following purposes:

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

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

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

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

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

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

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

18c Restricted funds: movements in the year

	Balance at 31 January 2014 £	Income £	Expenditure £	Transfers £	Balance at 31 January 2015 £
Cullen Project	10,000	88	-	-	10,088
EBM Training Materials	7,195	63	-	-	7,258
Enhanced Distance Learning	2,380	13	(1,886)	-	507
ePortfolio for Revalidation	23,187	204	(5,423)	-	17,968
Guidance on Adolescent Medicine	17,200	151	-	-	17,351
Kirk Duncanson Trust	1,723	-	(1,723)	-	-
James Lind Library	1,264	403	-	-	1,667
MTI Placements	7,963	4,307	(15)	-	12,255
Paley Stamp Collection	1,225	11	-	-	1,236
Pilot National Audits in Epilepsy and CAP	10,235	89	-	-	10,324
SIGA	1,149	10	-	-	1,159
SHAAP	6,545	184,864	(186,961)	-	4,448
Sibbald Library Restricted Fund	57,763	4,738	(40,328)	-	22,173
SPARS	-	5,019	(625)	-	4,394
TARGET	29,957	262	-	-	30,219
Wellcome Digitisation project	-	2,103	(2,103)	-	-
Wolfson Fund	1,897	16	-	-	1,913
	<u>179,683</u>	<u>202,341</u>	<u>(239,064)</u>	<u>-</u>	<u>142,960</u>

The funds shown above are for the following restricted purposes:

Cullen Project - development of an online edition of the consultation letters of Dr William Cullen.

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

Enhanced Distance Learning - developing an online CME programme to enhance distance learning provisions for CPD and revalidation.

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.

Kirk Duncanson Trust - provision of educational facilities for medical and other healthcare professionals.

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.

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.

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.

18c Restricted funds: movements in the year (continued)

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

Wolfson Fund - the purchase of rare books.

18d Transfers between funds

Designated funds

There were no transfers to the Fabric fund during the period (2014: £165,000). A sum of £42,000 has been earmarked for transfer in 2015/16 from the General Fund to the Fabric Fund for the upcoming Conference Centre redevelopment. This comprises the entire 2014/15 General Fund surplus of net incoming resources before transfers (see Statement of Financial Activities on page 12).

£128,224 (2014: £21,748) was transferred in the period to the Designated Msc Internal Medicine Fund. This money represents the surplus received from the joint Msc Internal Medicine course run in partnership with the University of Edinburgh. This fund is to be used to sponsor tuition fees for students enrolled on the course.

£5,000 was transferred in the period to the Designated Prizes and Awards fund.

An inter-fund charge of £1,732 (2014: £1,717) was made in favour of the General Fund against the Designated funds for the cost of financial and management administration over the period. This was based on 7.5% of annual revenue generated by each endowment in the previous financial year (2014/15) and was allocated in proportion to the value of investments held by each trust or fund.

Endowment funds

A transfer of revenue was made in the year from Endowment Funds to the General Fund of £417 (2014: £285) from the WA Alexander Bequest for general costs.

An inter-fund charge of £15,955 (2014: £16,206) was made in favour of the General Fund against the endowment funds for the cost of financial and management administration over the period. This was based on 7.5% of annual revenue generated by each endowment in the previous financial year (2014/15) and was allocated in proportion to the value of investments held by each trust or fund.

Restricted funds

There were no transfers of revenue in the period from Restricted funds to the General Fund during the period as contributions to costs (2014: £7,344).

Notes to the Accounts (continued)
for the year ended 31st January 2015

19 Reconciliation of net incoming resources to net cash inflow from operating activities

	2015	2014
	£	£
Surplus for the year	45,532	1,161,028
Less: endowment fund net incoming resources	(168,517)	(738,378)
Less: investment income (excluding endowment)	(129,622)	(118,844)
Depreciation charges	101,470	90,916
Increase in stocks	(5,045)	(4,075)
Decrease/(Increase) in debtors	506,418	(170,454)
Increase/(Decrease) in creditors	450,190	(84,600)
Net cash inflow from operating activities	800,426	135,593

Endowment fund net incoming resources in 2014 included a non cash stock transfer of £372,437 relating to a bequest received during the year.

20 Reconciliation of net cash flow to movement in net funds

	2015	2014
	£	£
Increase in cash in the period	<u>1,687,111</u>	<u>115,889</u>
Change in net funds	1,687,111	115,889
Net funds at 1 February	<u>3,668,796</u>	<u>3,552,907</u>
Net funds at 31 January	<u>5,355,907</u>	<u>3,668,796</u>

	31 January		1 February
	2015	Cash flows	2014
	£	£	£
Cash in hand	5,151,075	1,571,183	3,579,892
Cash held as part of investment portfolio	204,832	115,928	88,904
	<u>5,355,907</u>	<u>1,687,111</u>	<u>3,668,796</u>