



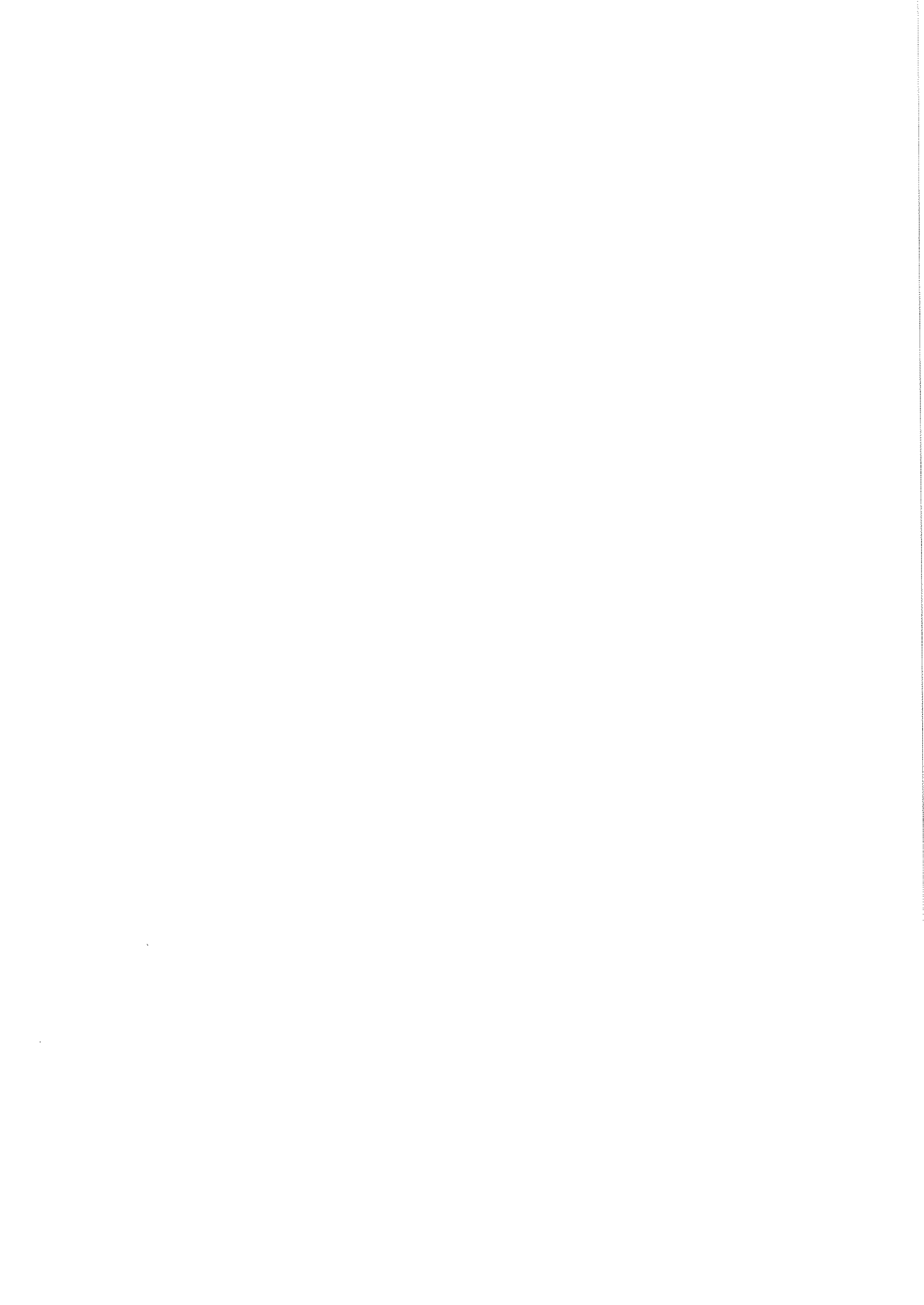
ROYAL
COLLEGE *of*
PHYSICIANS *of*
EDINBURGH

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2019

A charity registered in Scotland, no. SC009465



Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2019

The Council of the Royal College of Physicians of Edinburgh ('the College') is pleased to present its annual report for the year ended 31 January 2019, together with the financial statements for the same period. The annual report and accounts have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice: Accounting and Reporting by Charities and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Reference and administrative details

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

Charity Trustees

The Charity Trustees comprise elected and appointed members of Council.

Elected members of Council

The President and Vice Presidents are elected by all Fellows of the College and normally serve a three-year term of office. The UK-based Fellows of the College elect constituency members of Council to serve up to two consecutive terms of three years. UK Collegiate Members elect the members of the Trainees and Members' Committee, who in turn formally elect a Chairman and Secretary who serve on Council ex officio. On 31 January 2019, the elected members comprised:

President:	Professor Derek Bell	
Vice Presidents:	Dr Thomas Mackay Dr Susan Pound Dr A Deepak Dwarakanath	(elected 30 November 2018) (demitted 30 November 2018)
Constituency members:	Professor Andrew Collier Dr Sunil Dolwani Professor Gregory Y H Lip Dr Paula Midgley Dr Hannah Skene Dr Kathleen White Dr Patrick Byrne Dr Hamish Courtney Dr Graeme Currie Dr John Davidson Dr Anne Scott Dr Catherine Labinjoh Dr Robert B S Laing Dr Albert J McNeill Dr Simon Panter	Dr Lesley Dawson Professor Richard Donnelly Professor Jean McEwan Dr Stuart Richie Dr Marion Slater (elected 30 November 2018) (elected 30 November 2018) (elected 30 November 2018) (elected 30 November 2018) (elected 30 November 2018) (demitted 30 November 2018) (demitted 30 November 2018) (demitted 30 November 2018) (demitted 30 November 2018)
Other elected members:	Dr Anna Olsson-Brown (Co-Chair, Trainees and Members' Committee) Dr Marcus Lyall (Co-Chair, Trainees and Members' Committee) (demitted 30 November 2018) Dr Amy Illsley (Trainees and Members' Committee) (elected 30 November 2018)	

Appointed members of Council

All appointed members, including honorary Office Bearers and faculty representatives, are ex officio and are appointed by Council itself. On 31 January 2019, the appointed members comprised:

Treasurer:	Professor David Goldsmith
Secretary:	Professor Mark Strachan
Director of Education:	Dr Conor Maguire
Director of Examinations:	Dr Roderick Harvey
Director International:	Professor Sunil Bhandari

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Director of Quality, Research and Standards: Dr Jean MacLeod
Director of Training: Dr Michael Jones
Director of Heritage: Professor Angela Thomas
Director of RCPE Manchester: Professor Peter Trainer (appointed 30 November 2018)

Other principal Office Bearers
Editor-in-Chief of the Journal Dr Vinod Ravindran

Other appointed members:
Professor John Connell (Academic Medicine)
Dr Isla Mackenzie (Faculty of Pharmaceutical Medicine)
Vacancy (Royal College of Emergency Medicine)
Dr Mark Kroese (Faculty of Public Health)
Alex MacDonald (College Lay Advisory Committee) (elected 30 November 2018)
Mrs Maureen O'Neill (College Lay Advisory Committee) (demitted 30 November 2018)

Trustees

Council appoints four Fellows who, together with the Treasurer, act as Trustees and have delegated authority to manage the investment portfolio. On 31 January 2019, the Trustees comprised:

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

Key management personnel

Chief Executive Officer Ms Elaine Tait
Deputy Chief Executive Officer and
Head of Corporate Governance Ms Joanne Hannah

Professional advisors

The College employs the services of the following professional organisations:

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

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

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

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

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Structure, governance and management

Governing document

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

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 the President and Vice Presidents and the appointed Office Bearers (Fellows) of the College along with the Chief Executive Officer responsible for the implementation of College policy.

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

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

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

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

Recruitment and appointment of Charity Trustees

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

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

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

Induction and training of Charity Trustees

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

Arrangements for setting the pay and remuneration of key management personnel

The College considers that its key management personnel comprise the Office Bearers, Chief Executive Officer and the Deputy Chief Executive Officer. No Trustees receive any remuneration beyond reimbursement of expenses incurred during College activities. The College's pay structure provides salaries commensurate with evaluated job descriptions for all

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employees including the Chief Executive Officer. Pay rates are reviewed annually by a remuneration sub-committee of the Finance Committee and cost of living awards are negotiated through the Joint Negotiating Committee.

Affiliations and relationships with co-operating organisations

The College is a member of The Federation of Royal Colleges of Physicians of the United Kingdom along with the Royal College of Physicians of London and the Royal College of Physicians and Surgeons of Glasgow. Federation is an unincorporated body, operating as a partnership and under a formal Memorandum of Agreement, supplying professional examinations, training and continuous professional development services. In addition, the College is a member of both the Academy of Medical Royal Colleges, known as the 'UK Academy', and the Academy of Medical Royal Colleges and Faculties in Scotland, known as the 'Scottish Academy'. The UK Academy is a charity incorporated as a company limited by guarantee and speaks on standards of care and medical education across the UK, by bringing together the expertise of the medical Colleges and Faculties. The Scottish Academy is an unincorporated body comprising the College leads in Scotland and has a similar purpose to the UK Academy.

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Objectives and activities

The Royal College of Physicians of Edinburgh aims to improve public health and the quality of patient care. It represents over 13,000 Fellows and Members worldwide, setting standards and influencing health policy. The College helps physicians and related specialties pursue their careers through its world-renowned education and training programme. Working with its sister Colleges across medicine, it maintains the highest standards in training, assessment and CPD.

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

The vision is to be the 'College of choice' for physicians and related specialties internationally, underpinned by core values such as inclusivity, innovation, excellence, accessibility and responsiveness. Over the five years to 2021 the College will:

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

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

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

During 2018-19 the College has reviewed and refreshed its Corporate Strategy and will relaunch its plans to 2024 later in 2019.

Grant making policy

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

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

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

Achievements and performance

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

Principal activities and achievements in 2018/19 are noted below.

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External Relations and Policy

The year saw an increase in overall attendance at educational events, a marked rise in the College's engagement on social media and an almost doubling of the number of people accessing the College website. The new Physicians' International Conference Centre was also launched with completely re-developed marketing materials and channels. In addition, the past year saw major marketing work across the College including in support of the Physicians Gallery (our new heritage exhibition space), the events calendar, the rebranding of UK Conferences, the introduction of Lifetime Fellowship subscriptions, the launch of the Enhance Mentoring for Medics programme and a highly successful series of schools lectures.

While there were fewer formal consultations in year, the College submitted 45 separate responses. Engagement with key political stakeholders has continued. The College also participated in events at the SNP conference in Scotland and both Conservative and Labour conferences in England. The College continues to be represented at cross party groups, host Scottish Health Action on Alcohol Problems (SHAAP) and is a founder member of the Scottish Obesity Alliance.

The External Relations and Policy team has led the work on establishing the Quality Governance Collaborative, including a number of successful evening events and the launch of its inaugural fellowship programme.

Quality, Research and Standards

The focus for the Quality, Research and Standards (QRS) department in 2018 has been the continued development of RCPE Manchester. During 2018, Manchester Academic Health Science Centre (MAHSC) merged with Health Innovation Manchester (HiM) resulting in a period of transition as the organisations settled and took time to understand their strategic priorities. RCPE Manchester hosted a number of cross-departmental events including the Medical Trainees Conference 2018, a Maternal Medicine and Living Beyond Cancer Conference as well as medico-legal debates and a live stream of the St Andrew's Day event.

In November 2018, the annual Research Symposium for Medical Students and Foundation Trainees was hosted by RCPE Manchester and was a hugely successful event, growing the profile of the College amongst this early career cohort. The QRS department also continued its commissioned invited review work, the development of a departmental governance strategy and support for the work of specialist societies around national audit.

Examinations

The College, as a partner in Federation, plays an active role in developing and delivering assessment tools for doctors at all stages of their training. During 2018, MRCP (UK) delivered its principal examination to over 23,500 trainee doctors in the UK and internationally with the College directly supporting the delivery of over 1,000 clinical examination (PACES) places in the UK. The Western General Examination Centre in Edinburgh (CSAC) continues to be the largest MRCP (UK) examination centre in the world, followed closely by Aberdeen.

In 2018, 2,755 candidates (1,377 UK and 1,378 international) sat the 12 Specialist Certificates of Education (SCE), an increase of 12% on 2017. SCEs are now run in 79 countries with 9 new countries coming on stream in 2018.

Education and Training

In 2018, the College organised 62 educational events, including 21 symposia, 6 courses and 17 evening meetings. Events were attended by 5,528 delegates locally and viewed remotely by over 13,800 delegates via web streaming sites.

The largest individual attendance was for the 'Anaphylaxis Evening Medical Update', with a record-setting 1,576 delegates participating across 120 sites. Other highlights included:

- The 5-day Edinburgh International Course in Medicine for the Elderly, which attracted a high number of international delegates, the 22nd Advanced Gastroenterology and Hepatology Course and the fully subscribed St Andrew's Day Festival.
- An average of 440 Fellows and Members per month used the online education portal. The development of new formats and content for the portal continues to strengthen this key education medium.
- The CPD diary for physicians (now available as an app for mobile use), run in partnership with our sister colleges through the Federation, allows participants to plan and reflect on their learning and the impact of attending educational events.
- Also in partnership with sister Colleges, the College contributed to the continuing development of training in the physicians' specialties through 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.

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- The MSc in Internal Medicine, run in conjunction with the University of Edinburgh, is performing well in terms of student numbers. The College has sponsored scholarships for doctors from a wide range of countries across Africa, the Middle and Far East and the Indian sub-continent.

Recruitment and retention of Fellows and Members

Good progress was made in relation to both recruitment and retention. In total, 435 new Fellows were approved for election in 2018, which is comparable to the number achieved in 2017. There was a total of 931 new Members in 2018, comprising: 543 Student and Foundation Members, 123 Associate Members, and 265 Collegiate Members. Fellowship retention has also improved with an increased number of Fellows and Members renewing their annual subscriptions. The College also established a Lifetime Fellowship offer which received a gratifying response, with a total of 415 Fellows transferring to lifetime fellowship status in 2018/19.

Trainees & Members

The Trainees & Members' Committee continue to be extremely active in the College in areas of representation, communication and education. They have also played a role in the implementation of the new Internal Medicine (IM) Curriculum due to be introduced in August 2019. The particular needs of 'Less Than Full Time' (LTFT) doctors has been an important focus in 2018.

UK Conferences

Regional symposia have been rebranded as UK Conferences, and developed within a broader framework to improve consistency. They are now run all over the UK. Local regional advisers are charged with ensuring that content of UK Conferences is relevant to their audiences and benefit from stronger relations with the membership department to support promotion of these events.

Ceremonial events

Our ceremonial events continue to be highly valued by our Fellows and Members, bringing a recognition of excellence and celebrating the achievement of Fellowship and success at MRCP(UK). During 2018, the College held three New Fellows' Day ceremonies and welcomed over 120 Fellows from 24 countries to Edinburgh.

Engaging and representing Fellows and Members

In March 2018, our 'Life as a Consultant' symposium was received positively by many of our recently appointed consultant colleagues and the "Professionalism in Medicine" evening update focused on the hot topics of bullying and harassment and unconscious bias.

Scottish Academy and other specialty societies

The College continued to provide administrative support to the Scottish Academy, currently chaired by the College President. Activity focused on the work stream on 'Prevention through Learning', a significant invited review into a major health board and a focus on workforce planning in Scotland. The College continued to provide support to UK and Scottish medical specialty societies, ranging from the provision of secretariat services to the delivery of educational events.

Heritage and information

The Heritage team enhanced online access to its collections through increased digitisation and cataloguing and a 'Research Resources' grant from Wellcome allowed completion of cataloguing of the Ballantyne Collection of 19th century neonatology material.

2018 saw significant expansion in public engagement work designed to increase public awareness of the College and its role. In late 2018, the College completed the development of a public exhibition space (now named the 'Physicians' Gallery') and from January 2019 hosted its first public exhibition, 'Searching for the Elixir of Life'. The Heritage team also supported a broader range of public events, attracting increasingly diverse audiences via a programme of lectures, behind-the-scenes tours and mini-talks. Almost 3,800 people attended heritage events in the College in 2018.

Infrastructure

The College, supported by construction partners, completed the development of the Physicians International Conference Centre on time and at a total cost over two years of £3.74m, with core project costs within 3% of budget. The project has delivered state of the art conference facilities supported by a new, modern reception area at No11 Queen Street providing enhanced access for all visitors. The facilities were officially opened by Her Royal Highness the Princess Royal in January 2019. Work was also completed on the redevelopment of the Sir John Crofton Room delivering an advanced, AV-ready meeting room to support remote connectivity for a wide range of College events.

Contribution to the College

A significant part of College activity is guided and delivered by its Fellows and Members. Their support is given on a voluntary basis and the College very much values their input and expertise, particularly at a time when it is becoming

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increasingly difficult for doctors to find time away from clinical practice. The College remains focused on engaging its membership in its principal activities by helping to engineer capacity for doctors to support the College, and by recognising their efforts. In addition, the College is fortunate to have the support of an energetic Lay Advisory Committee which is fully engaged in College affairs and which adds a valuable external perspective to the decision making process.

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

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

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Financial Review

The 2018/19 accounts were prepared with reference to the 'Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102)'.

Over the reporting period, the College returned a total deficit of £3,331,269 (2018: surplus of £279,925). This included net realised and unrealised losses on investments of £452,457 (2018: gains of £758,687) and exceptional charitable expenditure of £2,880,179 on the refurbishment of the Physicians' International Conference Centre. If both these movements are excluded, the total, underlying trading surplus for the year was £1,367.

Comparable income fell by £317,874 or 4% over the period. Income from charitable activities and other trading activity increased, offset by a significant fall in income from donations, grants and legacies. Expenditure levels increased overall by £2,082,177 or 25% due primarily to non-recurring commitments relating to the refurbishment of conference facilities. Core charitable costs fell over period.

Further details of the movements in income and expenditure over the year are provided below:

Incoming resources

Incoming resources was down by £317,874 to £7,621,450.

Income from donations, grants and legacies fell by £608,590 as the level of one-off receipts enjoyed in the previous year was not repeated in 2018/19.

Income from charitable activities was up by £286,734. Variances within this category were driven by the following:

- Subscriptions income was up by £58,814 due to a rise in fee rates, the effect of take-up of lifetime Fellowship and a small increase in net membership numbers.
- Examination income was up by £59,533 due to slightly higher candidate returns from the MRCP written examinations in Edinburgh and overseas and new income generated by the RCPE Access Programme.
- Education and training income grew overall by £101,305. Federation training income rose significantly following the establishment of a number of international partnerships for curriculum delivery and higher enrolment in UK training programmes. Income generated through the College MSc Internal Medicine course, delivered in collaboration with the University of Edinburgh, increased by around £60,000 due to rising student numbers.

Income from trading activity rose by £23,240, this despite significant restrictions on venue capacity during conference centre refurbishment works.

Income from investments remained relatively stable and in line with movements within the fund.

Resources expended

Costs across all funds were up by £2,082,177 to £10,500,262.

The main drivers for this variance were as follows:

Expenditure on raising funds increased by £27,561 reflecting a slight increase in letting activity over the period and investment in a new management structure to promote and develop sales of venue spaces including the Physicians' International Conference Centre.

Expenditure from charitable activities was up by £2,054,526, the primary driver being the increase in commitment of funds of £2,117,078 to complete work on the Physicians' International Conference Centre shown in 'other charitable activity'. Excluding this exceptional movement, expenditure on charitable activities fell overall by £62,553. Other material movements were as follows:

- Heritage costs increased by £146,097 to support the development of a dedicated heritage exhibition centre and extended support for archiving and cataloguing teams
- Education and training costs fell by £271,348. The award of three new JMAS Sim fellowships made in the previous year, at a value of £417,171, was not repeated. This was offset to some extent by an investment in new research programmes by the Scottish Health Action on Alcohol Problems (SHAAP) team and the 8th European Alcohol Policy Conference held at the College.

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Underlying salary costs rose by £180,719 against the prior year in part due to a 2.5% cost of living rise but also a commitment to strengthen core business teams including Quality Research and Standards, Heritage and SHAAP. Support teams including venue management, finance and external relations also saw investment in year.

Balance Sheet

Despite a significant commitment of cash reserves in the last two years in support of the development of the Physicians' International Conference Centre, cash balances remain strong. Net current assets across all funds (see note 17) also remain solid and ensure the College is well placed to meet future financial commitments.

Investment policy and performance

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

Although global economies were strong throughout 2018, markets were highly volatile. Concern focused on rising US interest rates, the threat of imposition of tariffs by the US on Chinese imports and the ongoing discord and delay on the UK's plans to exit the EU. As a consequence, and following two years of solid returns from the portfolio, performance on a total return basis was down in year by 1.26% versus a fall in the market benchmark of 1.20%. The capital value of investments fell in year by approximately 4% compared with a rise of 7% in the previous year.

At the end of the year 70.5% of the portfolio was invested in equities which saw a fall in value of 2.7% in year against a downturn in the benchmark of 3.4%. However, there were huge variations in performance from individual stocks. Positive returns were provided by more defensive stocks in the portfolio such as pharmaceuticals, utilities and consumer staples as opposed to the telecoms sector which saw significant falls. This volatility did, however, offer opportunities to buy into equities at attractive valuations offering the opportunity for future growth.

Fixed interest stocks accounted for 22.4% of the portfolio at year end, seeking to deliver diversification and benefit from the safe haven provided by government bonds and income yields on corporate bonds.

A slowing global economy is widely anticipated for 2019 and earnings growth is unlikely to be as strong looking forward. Current equity valuations are reasonable and equities remain the preferred asset class. Although the College portfolio remains notably overweight in overseas equities, this reflects the uncertainty over the UK's economic outlook which is inevitably clouded by Brexit.

The value of investments held by the College at the period end was £10,719,833 (2018: £11,712,290). Income received in the financial year was £313,261 (2018: £319,663).

Reserves

The College has a balance of unrestricted reserves as at 31 January 2019 of £7,193,741 (2018: £9,325,339) including a revaluation reserve of £644,675 (2018: £644,675) arising from holding heritable property at market value. These are held as general and designated reserves and comprise the value of assets and investments of the College derived from past and current unrestricted operating results. Unrestricted reserves include fixed assets and investments of £5,776,579 leaving free reserves of £1,417,162 (see note 17). The College currently holds unrestricted reserves of between one and two times its annual unrestricted operating costs.

Unrestricted reserves exclude restricted funds of £1,397,826 (2018: £2,067,050) and endowment funds of £9,724,505 (2017: £10,254,952), most of which are used to support specific purposes attributed to those funds only.

Assets held as custodian

The College acts as custodian of funds for activities delivered on behalf of the Scottish Academy of Medical Royal Colleges and the Senior Fellows Club. The funds held as cash at bank by the College as at 31 January 2019 totalled £37,829 (2018: £25,114). For further information see note 14.

Risk management

The Charity Trustees of the College have implemented processes by which they review, identify and assess major strategic risks and ensure that controls have been put in place, where necessary, to mitigate those risks. Operational risks are identified by the senior management team and reported regularly to Council for discussion and approval. Responsibility for day-to-day risk management is delegated to the senior management team and associated Office Bearers of the College. A new risk management framework has been established which requires departments to maintain local risk registers with clear escalation thresholds for reporting to Council. Risk management is a standing item on Council agendas with top risks

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summarised for Trustees including those arising from shared activities through Federation. Reports include pre and post mitigation scoring and corrective action along with the direction of change.

Areas of significant risk reported to Council towards the end of 2018-19 include:

1. Slowness to identify new sources of income and overreliance on examination income.
2. Reputational loss due to unreliable IT and missed opportunities for digital developments.
3. Operational challenges due to inadequate quality assurance in Federation.
4. Training disruption if SHAPE recommendations are delayed.

Remedial action to mitigate or remove these risks has primarily focused on securing the infrastructure of Federation following the signing of a new Memorandum of Agreement with partner Colleges. A digital review has initiated a new work stream considering the digital needs of the College including systems, processes and training. New strategic partnerships and work streams offer opportunities to improve the business resilience of the College, which has become a key priority for the senior management team.

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Future plans

External Relations and Policy

Policy work will continue to be informed by the views of our Fellows and Members. The College will maintain and improve its engagement with governments and political stakeholders across the UK, with a particular focus on enhancing its relationship with Westminster stakeholders to ensure that the views of our Fellows and Members working in England are fully represented. The College will also improve its media profile, to highlight the College's position on policy issues as well as highlight key events and raise the profile of both the Physicians' International Conference Centre and the Physicians' Gallery.

The first Quality Governance Collaborative Annual Conference will take place in the coming year, and the second cohort of the fellowship programme will be recruited over summer of 2019. The College will also continue to work to build links with the World Health Organisation (WHO), with the aim of becoming a collaborating centre in healthcare governance.

Quality, Research and Standards

The Remote and Rural programme continues to grow with an inaugural event planned for November 2019 in Inverness. The College will also focus on developing a College Quality Strategy along with further development of consultancy services.

An intercollegiate Quality Leads meeting will be hosted by the College in 2019. RCPE Manchester will develop further with the support of the new Vice President for England and Wales and the College intends to establish RCPE Manchester as a digital hub for the College exporting events to the North of England.

Examinations

The College will work to secure adequate capacity to satisfy the demand for examination places and support trainees applying for their next posts, with amongst other changes new PACES sites opening across the UK and internationally.

Federation has now agreed an investment to upgrade its IT infrastructure over a 3-year period and it is crucial the College aligns its systems as it develops its own digital agenda. Preparation events for PACES 2020 will take place as training and implementation timelines become clearer.

Education and Training

The College aims to grow delegate numbers, participating sites and further develop its online education programmes. A focus for 2019 will be engagement with our remote delegates, with the introduction of technology that enables remote delegates to take part in polls and ask questions directly to speakers in real-time. The new MSc in Critical Care, run in partnership with the University of Edinburgh will run from September 2019 with 40 students in the first intake.

Federation is also exploring how to increase its international footprint for CPD services and support in 2019 and beyond, in line with the expanded international role for JRCPTB. The new IMT curriculum will be introduced in August 2019, following several years of development and listening to the needs of the service and trainees.

Heritage

Building on the success of the opening exhibition on alchemy in our new Physicians' Gallery we have scheduled two new exhibitions to start in 2019/20. "Moonstruck" will focus on mental health and will open in June. In early 2020 we will be curating an exhibition on plants and medicine showcasing some of our beautiful botanical books. The College will be running a full heritage lecture programme and the heritage team will be contributing to the recognising excellence initiative through the History of Medicine McCarthy prize.

Infrastructure

The College continues to explore opportunities to enhance its physical and virtual infrastructure to support its membership and educational ambitions. Plans are being developed to re-purpose basement areas of the College as a Fellows and Members business lounge to provide a dedicated meeting, working and social space 24 hours a day. Work has also commenced on driving forward the College's digital agenda with the recruitment of a Digital Strategy and Transformation Lead to ensure the College is well placed to connect and engage digitally with its global communities. Finally, the College will invest significant reserves in a new Federation IT system to support assessment, training and professional development services provided by Federation in partnership with the other two physicians' Colleges.

Membership

Building on the success of our previous mentoring programme the new Enhance Mentoring for Medics Programme led by our Recently Appointed Consultants' Committee, will be launched during 2019 to include the additional online capability to enable many more mentor and mentee relationships to be established irrespective of geography.

Royal College of Physicians of Edinburgh

Annual Report and Accounts

For the year ended 31 January 2019

Council's responsibilities

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

Approved by the Council of the College on the 21st June 2019 and signed on its behalf by:



President: Professor Derek Bell



Opinion on accounts

We have audited the accounts of the Royal College of Physicians of Edinburgh for the year ended 31 January 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 January 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Who we are reporting to

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.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.



Matters on which we are required to report by exception

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

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

Responsibilities of Council

As explained more fully in the Council's Responsibilities Statement set out on page 12, the Council is responsible for the preparation of accounts which give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

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

Use of our report

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

Chiene + Tait LLP

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

21st June 2019

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

Statement of Financial Activities
for the year ended 31 January 2019

Notes	Unrestricted funds				Restricted funds	Endowment funds	Total funds 2019	Unrestricted funds				Restricted funds	Endowment funds	Total funds 2018
	General	Designated	£	£				General	Designated	£	£			
Income and endowments from:														
2	36,090	-	191,912	-	191,912	-	228,002	-	5,000	831,592	-	-	836,592	
3	6,564,793	-	141,723	-	141,723	-	6,706,516	-	-	120,744	-	-	6,437,782	
4	343,565	-	-	-	-	-	343,565	-	-	-	-	-	320,325	
5	33,483	14,062	295,822	-	295,822	-	343,367	11,599	288,681	-	-	-	344,625	
	6,977,931	14,062	629,457	-	629,457	-	7,621,450	16,599	1,241,017	-	-	-	7,939,324	
Expenditure on:														
6	484,258	820	38,389	-	38,389	-	523,467	462	39,427	-	-	-	495,816	
7	6,227,579	2,403,243	1,345,973	-	1,345,973	-	9,976,795	888,088	800,153	-	-	-	7,922,269	
	6,711,837	2,404,063	1,384,362	-	1,384,362	-	10,500,262	888,550	839,580	-	-	-	8,418,085	
	266,094	(2,390,001)	(754,905)	-	(754,905)	-	(2,878,812)	(871,951)	401,437	-	-	-	(478,761)	
Net income/(expenditure) before gains and losses on investments														
12	(1,617)	(487)	-	(20,556)	-	(20,556)	(22,660)	1,516	-	129,360	129,360	141,327	141,327	
	(30,665)	(9,241)	-	(389,891)	-	(389,891)	(429,797)	6,062	-	517,141	517,141	617,360	617,360	
Net income/(expenditure)														
17 (d)	(1,135,687)	1,170,006	85,681	(120,000)	85,681	(120,000)	-	1,111,232	(80,135)	-	-	-	-	
	(901,875)	(1,229,723)	(669,224)	(530,447)	(669,224)	(530,447)	(3,331,269)	246,859	321,302	646,501	646,501	279,926	279,926	
Reconciliation of funds:														
17	7,060,839	2,264,500	2,067,050	10,254,952	2,067,050	10,254,952	21,647,341	2,017,641	1,745,748	9,608,451	9,608,451	21,367,417	21,367,417	
17	6,158,964	1,034,777	1,397,826	9,724,505	1,397,826	9,724,505	18,316,072	2,264,500	2,067,050	10,254,952	10,254,952	21,647,341	21,647,341	

The net movement in funds includes exceptional building costs in year of £2,958,831 (2018: £827,235). See note 7.

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

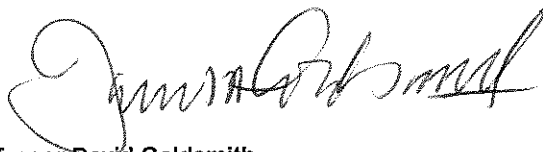
Balance Sheet
as at 31 January 2019

	Notes	Total funds 2019 £	Total funds 2018 £
Fixed assets			
Tangible fixed assets	11	4,781,251	4,595,374
Investments	12	10,719,833	11,172,290
Total Fixed Assets		15,501,084	15,767,664
 Current assets			
Stocks		26,275	34,241
Debtors	13	1,727,969	1,447,642
Cash at bank and in hand	19	4,279,594	7,172,758
		6,033,838	8,654,641
 Creditors: amounts falling due within one year	14	(2,977,121)	(2,338,702)
Net current assets		3,056,717	6,315,939
 Total assets less current liabilities		18,557,801	22,083,603
 Creditors: amounts falling due after one year	15	(241,729)	(436,262)
Net assets		18,316,072	21,647,341
 Unrestricted funds	17	6,549,066	8,680,664
Restricted funds	17c	1,397,826	2,067,050
Endowment funds	17b	9,724,505	10,254,952
Unrestricted revaluation reserve	17	644,675	644,675
Total funds	17	18,316,072	21,647,341

Approved by the Council of the College on 21st June 2019 and signed on its behalf by:



President: Professor Derek Bell



Treasurer: Professor David Goldsmith

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

Statement of Cashflows
for the year ended 31 January 2019

	Notes	£	2019 £	2018 £
Net cash used in operating activities	18		<u>(2,905,836)</u>	<u>(451,195)</u>
Cash flows from investing activities:				
Dividends, interest and rents from investments		343,367		344,624
Purchase of property, plant & equipment		(330,695)		(30,192)
Purchase of investments		(1,437,668)		(3,105,300)
Proceeds from sale of investments		<u>1,362,572</u>		<u>4,272,210</u>
Net cash provided by investing activities			<u>(62,424)</u>	<u>1,481,342</u>
Cash flows from financing activities:				
Receipt of endowment			-	-
Net cash provided by financing activities			-	-
Change in cash and cash equivalents in the year	19		<u>(2,968,260)</u>	<u>1,030,147</u>
Cash and cash equivalent brought forward			<u>7,681,049</u>	<u>6,650,902</u>
Cash and cash equivalents carried forward	19		<u>4,712,789</u>	<u>7,681,049</u>

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

1 Statement of accounting policies

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

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

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

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

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

b) Fund structure

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

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

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

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

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

c) Significant judgements and estimation uncertainty

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

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

(i) Useful economic lives of tangible assets

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

d) Income

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

Admission fees and subscription income

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

Donations and Legacies

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

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

Grants receivable

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

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

Examination income

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

Course and event income

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

Investment income

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

e) Expenditure

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

Costs of raising funds

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

Charitable expenditure

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

Governance costs

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

Basis of allocation of costs

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

Federation activities

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

Grants payable

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

In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the 1 year or multi-year grant.

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

The provision for a multi-year grant is recognised at its present value where settlement is due over more than 1 year from the date of the award, there are no unfulfilled performance conditions under the control of the College that would permit it to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made. This discount rate is regarded by Council as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the College.

f) Tangible fixed assets

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

Notes to the Accounts (continued)

For the year ended 31 January 2019

Heritable property and land

The heritable property of the College is carried at fair value. It is also considered to have a high residual value. The depreciation charge is immaterial and no charge has therefore been made. Where no charge for depreciation is made, an impairment review should be carried out on an annual basis. Such a review has been performed and this shows that the fair value of the property is equal to the carrying value in the financial statements.

Land is not depreciated.

Heritable property has not been divided into investment property and property held for operational use as the fair value of the investment property component cannot be measured reliably.

Other fixed assets

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

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

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

Heritage assets

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

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

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

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

Further information is provided in note 11a.

g) Investments

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

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

The College does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the College is that of volatility in equity markets and investment markets due to wider

Notes to the Accounts (continued)

For the year ended 31 January 2019

economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

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

h) Stock

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

i) Debtors

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

j) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of 3 months or less from the date of acquisition or opening of the deposit or similar account.

k) Creditors

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

l) Financial instruments

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

m) Pension scheme

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

The aggregate value of contributions made to the pension scheme during the period amounted to £168,761 (2018: £156,692).

Notes to the Accounts (continued)

for the year ended 31 January 2019

2 Donations, grants and legacies	2019 £	2018 £
Donations	20,367	257,592
Grants - non contractual	187,035	229,000
Bequests and legacies	20,600	350,000
	228,002	836,592

3 Income from charitable activities	2019 £	2018 £
Subscriptions	1,576,555	1,517,741
Examinations	3,712,260	3,652,727
Education and training	1,139,124	1,037,819
Grants	105,302	141,993
Other	173,275	87,502
	6,706,516	6,437,782

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 partnership of the three medical royal colleges of physicians in the UK established to manage joint working in agreed areas and generated income of £3.6m in the year (2018: £3.4m).

4 Income from other trading activities	2019 £	2018 £
Letting of rooms and facilities	343,565	320,325
	343,565	320,325

5 Income from investments	2019 £	2018 £
Portfolio derived income	313,261	319,663
Bank deposit income	30,106	24,962
	343,367	344,625

Notes to the Accounts (continued)

for the year ended 31 January 2019

6 Expenditure on raising funds	Activities undertaken directly £	Support costs £	Total 2019 £	Total 2018 £
Fundraising: cost of goods sold and other costs:				
Letting of rooms and facilities	177,898	282,603	460,501	431,981
Investment management	42,698	20,268	62,966	63,835
	<u>220,596</u>	<u>302,871</u>	<u>523,467</u>	<u>495,816</u>
7 Expenditure on charitable activities	Activities undertaken directly £	Support costs £	Total 2019 £	Total 2018 £
Membership services	554,780	391,902	946,682	926,243
Quality, Research and Standards	133,083	22,646	155,729	113,301
Heritage	409,315	127,819	537,134	391,037
Examinations	2,367,606	270,013	2,637,619	2,684,096
Education and Training	1,876,563	756,603	2,633,166	2,904,514
Other charitable activity	3,066,465	-	3,066,465	903,078
	<u>8,407,812</u>	<u>1,568,983</u>	<u>9,976,795</u>	<u>7,922,269</u>

Assessment, education and training expenditure figures shown above include resources expended by the College in delivering examinations, specialist training and professional development activities collaboratively through the Federation of Royal Colleges of Physicians. The Federation is a partnership of the three medical royal colleges of physicians in the UK established to manage joint working in agreed areas. Costs in the year amounted to £2.3m (2018: £2.3m).

Other charitable activity costs comprise the remaining construction costs of the new conference centre of £2,880,179 (2018: £763,101), other exceptional building costs totalling £78,652 (2018: £64,134) and costs relating to the corporate administration of Federation activities of £107,634 (2018: £65,728).

8 Grant making activities

Included within Education and Training direct costs are grants made by the College during the year totalling £54,875 (2018: £487,969) from designated and endowed funds as follows:

	2019 £	2018 £
Tuition fees for 13 (2018: 19) students of the MSc Internal Medicine at the University of Edinburgh	42,875	58,650
JMAS Sim Fellowship at the University of Edinburgh - see note 15	-	417,171
Other bursaries and research related grants to individuals and institutions	12,000	12,148
	<u>54,875</u>	<u>487,969</u>

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

Notes to the Accounts (continued)

for the year ended 31 January 2019

9 Allocation of Governance and Support costs	Total allocated 2019 £	Governance related £	Other support costs £	Total 2018 £
Staff costs	1,248,542	151,047	1,097,495	1,159,815
Building upkeep, repairs and management	163,652	-	163,652	145,718
IT costs	59,344	-	59,344	49,125
Utilities	77,951	-	77,951	81,140
Travel and subsistence	57,759	-	57,759	92,020
Other general management overheads	231,251	115,308	115,943	244,621
Depreciation	33,355	2,986	30,369	41,921
	1,871,854	269,341	1,602,513	1,814,360

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

Governance costs	Activities undertaken directly £	Indirect costs £	Total 2019 £	Total 2018 £
Staff costs	-	151,047	151,047	140,313
Auditors' fees	16,215	-	16,215	16,519
Legal and professional fees	26,543	-	26,543	47,830
Other	-	75,536	75,536	79,091
	42,758	226,583	269,341	283,753

10 Remuneration and related party transactions	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Wages and salaries	2,084,945	213,447	2,298,392	2,165,933
Social security costs	212,029	15,738	227,767	201,254
Pension costs - Defined contribution schemes	158,489	10,272	168,761	156,692
Training and other employee costs	49,944	-	49,944	40,266
	2,505,407	239,457	2,744,864	2,564,145

Average number of employees during the period: 78 70

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

£60,000 - £69,999	3	3
£70,000 - £79,999	1	-
£100,000 - £110,000	1	1

Total pension contributions in the year for employees whose emoluments exceed £60,000 were £47,488 - 5 employees (2018: £40,057 - 4 employees).

The College considers its key management personnel comprise the Office Bearers, Chief Executive Officer and the Deputy Chief Executive Officer. The total employment benefits including employer pension contributions of the key management personnel were £231,359 (2018: £149,773).

No Trustee received any remuneration during the year. Reimbursement of travel expenses to 23 (2018: 27) Council Members amounted to £ 45,896 (2018: £77,907). 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 (2018: £Nil).

Notes to the Accounts (continued)
for the year ended 31 January 2019

11 Tangible fixed assets	Heritable property £	Computers and other equipment £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation					
1 February 2018	4,460,000	786,204	188,155	96,932	5,531,291
Additions	-	294,070	-	36,625	330,695
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
31 January 2019	<u>4,460,000</u>	<u>1,080,274</u>	<u>188,155</u>	<u>133,557</u>	<u>5,861,986</u>
Accumulated depreciation					
1 February 2018	-	700,576	140,804	94,537	935,917
Charge for the year	-	131,557	7,891	5,370	144,818
Disposals	-	-	-	-	-
31 January 2019	<u>-</u>	<u>832,133</u>	<u>148,695</u>	<u>99,907</u>	<u>1,080,735</u>
Net book value at 31 January 2019	<u>4,460,000</u>	<u>248,141</u>	<u>39,460</u>	<u>33,650</u>	<u>4,781,251</u>
<i>Net book value at 31 January 2018</i>	<u>4,460,000</u>	<u>85,628</u>	<u>47,351</u>	<u>2,395</u>	<u>4,595,374</u>

The heritable property of the College was revalued by DTZ on 20 March 2015. They assessed the market value with vacant possession to be £4,460,000. The depreciated historic cost of heritable property as at 31 January 2019 was £3,815,325 (2018: £3,815,325). Council continues to consider that the carrying value at 31 January 2019 represents the fair value at the year end.

11a Further information on the College collection of heritage assets

Sibbald Library collection

The Sibbald Library Collection, which comprises approximately 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 5 years.

Management

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

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

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

Preservation

Expenditure which, in the view of the Charity Trustees, is required to preserve or prevent further deterioration of the Library Collection is recognised in the Statement of Financial Activities when it is incurred. The Library Collection is also insured for the costs of repair, conservation and attempted recovery.

Paintings and other artefacts

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

Notes to the Accounts (continued)
for the year ended 31 January 2019

12 Investments	Unrestricted £	Endowment £	Total £
Opening market value at 1 February 2018	875,604	9,788,395	10,663,999
Transfer between funds	114,540	(114,540)	-
Additions in year	133,486	1,304,182	1,437,668
Disposals in year	(128,618)	(1,256,614)	(1,385,232)
Unrealised gains during year	(39,906)	(389,891)	(429,797)
Closing market value at 31 January 2019	955,106	9,331,532	10,286,638
Investment cash balance	40,222	392,973	433,195
Closing portfolio valuation at 31 January 2019	<u>995,328</u>	<u>9,724,505</u>	<u>10,719,833</u>
<i>Historical cost at year end (to be added)</i>	<u>749,223</u>	<u>7,320,020</u>	<u>8,069,243</u>
Fixed interest	57,514	561,933	619,447
UK debenture and loan stocks	222,398	2,172,859	2,395,257
UK equities	413,182	4,036,844	4,450,026
Investments and unit trusts	180,160	1,760,193	1,940,353
Overseas	81,852	799,703	881,555
Cash	40,222	392,973	433,195
	<u>995,328</u>	<u>9,724,505</u>	<u>10,719,833</u>

The investments of the College are held as part of a portfolio managed by Adam & Company Investment Management Ltd. Value is attributed to individual unrestricted and endowment funds on an unitisation basis. At 31 January 2019, Twenty Four Global Investment Funds made up 5.44% of the total value of the College Portfolio.

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

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

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

13 Debtors	2019 £	2018 £
Subscriptions and fees	164,312	127,736
Educational fee and grant debtors	436,041	156,568
Accrued income	139,316	376,708
Sundry debtors	827,759	614,726
Prepayments	150,253	149,635
VAT and tax debtor	10,288	22,269
	<u>1,727,969</u>	<u>1,447,642</u>

Notes to the Accounts (continued)
for the year ended 31 January 2019

14	Creditors: amounts falling due within one year	2019	2018
		£	£
	Trade creditors	338,722	275,933
	Other creditors and accruals	1,074,267	642,187
	Social security and other taxation payable	64,632	55,492
	Deferred income	<u>1,499,500</u>	<u>1,365,091</u>
		<u>2,977,121</u>	<u>2,338,703</u>

The College hosts the offices of the Scottish Academy of Medical Royal Colleges and acts as the custodian of funds employed in supporting the delivery of administrative services. The balance of funds held by the College at the year end of £27,575 (2018: £16,286) 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 £10,254 (2018: £8,828) is also accounted for within other creditors and accruals.

Deferred Income

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

	<i>Brought Forward</i> 31 Jan 2018	Utilised in year	Received & deferred to 2019/20	Received & deferred to future years	Carried Forward 31 Jan 2019
	£	£	£	£	£
Subscriptions	985,944	(985,944)	1,031,714	45,421	1,077,135
Events planned	108,626	(108,626)	164,983	14,994	179,977
Education income	304,019	(304,019)	221,081	150,922	372,003
Exam income	21,747	(21,747)	13,140	-	13,140
Grant income	95,230	(95,230)	68,582	-	68,582
	<u>1,515,566</u>	<u>(1,515,566)</u>	<u>1,499,500</u>	<u>211,337</u>	<u>1,710,837</u>

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

15	Creditors: amounts falling due after more than one year	2019	2018
		£	£
	Other creditors and accruals	30,392	285,787
	Deferred income	<u>211,337</u>	<u>150,475</u>
		<u>241,729</u>	<u>436,262</u>

Other creditors falling due after more than 1 year relate to funding for the JMAS Sim Fellowship at the University of Edinburgh - see note 8.

16	Contracts and commitments - operating leases	2019	2018
		£	£
	The total future minimum lease payments under non-cancellable operating leases are as follows:		
	Amounts due within 1 year	33,509	33,509
	Amounts due between 2 to 5 years	130,512	144,711
	Amounts due more than 5 years	<u>19,309</u>	<u>38,619</u>
		<u>183,330</u>	<u>216,839</u>

During the year lease payments of £33,508 (2018: £31,786) were recognised as an expense to the College.

Notes to the Accounts (continued)
for the year ended 31 January 2019

17 Analysis of College net assets by fund in the current year (2019)	Fixed assets £	Investments £	Net current assets £	Long-term liabilities £	Fund balances 2019 £
Unrestricted funds	4,781,251	995,328	1,628,499	(211,337)	7,193,741
Endowment funds	-	9,724,505	-	-	9,724,505
Restricted funds	-	-	1,428,218	(30,392)	1,397,826
	<u>4,781,251</u>	<u>10,719,833</u>	<u>3,056,717</u>	<u>(241,729)</u>	<u>18,316,072</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 £2,585,275 at 31 January 2019, are available for use in support of the College's core charitable activities. Further details of the designated, endowment and restricted funds held by the College can be found in notes 17a, 17b and 17c, respectively.

Also included within unrestricted funds is a revaluation reserve amounting to £644,675 (2018: £644,675) in relation to the College's heritable property as set out in note 11.

Analysis of College net assets by fund in the previous year (2018)	Fixed assets £	Investments £	Net current assets £	Long-term liabilities £	Fund balances 2018 £
Unrestricted funds	4,594,655	917,338	3,964,321	(150,975)	9,325,339
Endowment funds	-	10,254,952	-	-	10,254,952
Restricted funds	719	-	2,351,618	(285,287)	2,067,050
	<u>4,595,374</u>	<u>11,172,290</u>	<u>6,315,939</u>	<u>(436,262)</u>	<u>21,647,341</u>

17a Designated funds: movements in the current year (2019)	Balance at 31 Jan 2018 £	Income £	Expenditure £	Transfers £	Investment losses £	Balance at 31 Jan 2019 £
Strategic Planning Fund	799,712	6,719	(107,999)	(379)	(4,860)	693,193
Fabric Fund	1,001,659	2,114	(2,003,431)	999,658	-	-
Innovation and Development Fund	463,129	5,229	(292,633)	170,727	(4,868)	341,584
	<u>2,264,500</u>	<u>14,062</u>	<u>(2,404,063)</u>	<u>1,170,006</u>	<u>(9,728)</u>	<u>1,034,777</u>

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

Designation of the funds

The Council of the College has chosen to designate these funds as follows. Monies in the Strategic Planning Fund are earmarked to support the Business Resilience Strategy of the College including Federated activity. The Innovation and Development Fund is intended to support innovative projects which contribute to the development and recognition of the College and individual doctors.

Designated funds: movements in the previous year (2018)	Balance at 31 Jan 2017 £	Income £	Expenditure £	Transfers £	Investment gains £	Balance at 31 Jan 2018 £
Strategic Planning Fund	861,646	3,792	(65,726)	-	-	799,712
Fabric Fund	762,090	3,417	(763,101)	999,253	-	1,001,659
Innovation and Development Fund	-	-	-	463,129	-	463,129
Education Fund	177,014	3,579	(463)	(187,709)	7,579	-
MSc Internal Medicine Fund	189,028	687	(58,760)	(130,955)	-	-
Prizes & awards Fund	27,863	5,124	(500)	(32,487)	-	-
	<u>2,017,641</u>	<u>16,599</u>	<u>(888,550)</u>	<u>1,111,231</u>	<u>7,579</u>	<u>2,264,500</u>

During 2018 the Council of the College agreed to the creation of the Innovation and Development Fund which brings together resources from three existing designated funds:

- Education Fund - designated to support online education or any other purposes in line with current education strategy
- MSc Internal Medicine Fund - used to sponsor tuition fees for students enrolled on the course.
- Prizes and Awards Fund - intended to benefit Fellows and Members through the provision of a range of prizes and awards which seek to promote excellence

Notes to the Accounts (continued)
for the year ended 31 January 2019

17b Endowment funds: movements in current year (2019)	Balance at 31 January 2018 £	Income £	Expenditure £	Transfers to/(from) Restricted funds £	Investment gains/(losses) £	Balance at 31 January 2019 £
Permanent endowments						
W A Alexander Bequest	20,852	-	-	-	(844)	20,008
Freeland Barbour Fellowship	31,922	-	-	-	(1,293)	30,629
Alexander Black Bequest	5,787	-	-	-	(235)	5,552
John Hamilton Brown Bequest	117,454	-	-	-	(4,757)	112,697
Sir James Cameron Bequest	10,313	-	-	-	(418)	9,895
Clouston Memorial Trust	3,575	-	-	-	(144)	3,431
Ghulam Mohi-Ud Din Trust	2,807	-	-	-	(114)	2,693
George A Gibson Lectureship	787	-	-	-	(32)	755
Verona Gow Bequest	103,379	-	-	-	(4,186)	99,193
Mohamed Haniffa Hamza Bequest	1,809	-	-	-	(73)	1,736
Jessie MacGregor Prize	8,580	-	-	-	(347)	8,233
James MacKenzie Medal	1,599	-	-	-	(65)	1,534
Alexander Morison Fund	543	-	-	-	(22)	521
Stelios Nicolaides Fund	1,184	-	-	-	(49)	1,135
Hill Pattison-Struthers Bursaries	17,410	-	-	-	(706)	16,704
Robert Philip Memorial Lectureship	63,570	-	-	-	(2,574)	60,996
HRH Richards Bequest	7,097	-	-	-	(287)	6,810
Miss Janet Reid Trust	50,481	-	-	-	(2,044)	48,437
Catherine Wedderburn Rintoul Fund	70,079	-	-	-	(2,838)	67,241
Russell Bequest	1,047,818	-	-	-	(42,434)	1,005,384
John Matheson Shaw Bequest	16,232	-	-	-	(657)	15,575
Myre Sim Bequest	1,255,309	-	-	-	(50,837)	1,204,472
JMAS Sim Fellowship	4,316,792	-	-	-	(174,822)	4,141,970
Sydney Watson Smith Bequest	237,678	-	-	-	(9,626)	228,052
Peter Morrison Tolmie Bequest	24,681	-	-	-	(1,001)	23,680
Watson Lecture	1,300	-	-	-	(52)	1,248
Wood Bursary	21,521	-	-	-	(872)	20,649
	<u>7,440,559</u>	-	-	-	(301,329)	<u>7,139,230</u>
Expendable endowments						
Bryan Ashworth Bequest	597,074	-	-	(120,000.00)	(19,321)	457,753
Ambuj Nath Bose Bequest	614	-	-	-	(26)	588
William Cullen Prize	11,141	-	-	-	(450)	10,691
Stanley Davidson Trust	523,780	-	-	-	(21,213)	502,567
Education & Research Trust	522,619	-	-	-	(21,165)	501,454
Joan Ferguson Bequest	202,251	-	-	-	(8,191)	194,060
Marion B M Lindsay Bequest	62,416	-	-	-	(2,528)	59,888
Lister Fellowship	24,338	-	-	-	(985)	23,353
Charles McNeil Lectureship	16,909	-	-	-	(685)	16,224
Alexander Morison Lectureship	3,882	-	-	-	(158)	3,724
Marjorie Robertson Trust	849,369	-	-	-	(34,396)	814,973
	<u>10,254,952</u>	-	-	<u>(120,000.00)</u>	<u>(410,447)</u>	<u>9,724,505</u>

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

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

- Russell Bequest** - for the purchase, maintenance, and indexing of antiquarian books and manuscripts held by the College Library.
- Myre Sim Bequest** - to support educational activities and oversee the award of Grants, Bursaries and a Collegiate members prize.
- JMAS Sim Fellowship** - to fund a Fellowship for research into the biochemical aspects of depressive illness.
- Bryan Ashworth Bequest** - for the support of the College Library.
- Stanley Davidson Trust** - for the furtherance of medical knowledge and education and for the maintenance of the College.
- Education and Research Trust** - established in 1984 for the furtherance of education and research.
- Marjorie Robertson Trust** - for research, education, building or other uses at the discretion of the President and Council.

Notes to the Accounts (continued)
for the year ended 31 January 2019

17b Endowment funds: movements in previous year (2018)	Balance at 31 January 2017 £	Income £	Expenditure £	Transfers to/(from) Restricted funds £	Investment gains/(losses) £	Balance at 31 January 2018 £
<i>Permanent endowments</i>						
W A Alexander Bequest	19,537	-	-	-	1,315	20,852
Freeland Barbour Fellowship	29,910	-	-	-	2,012	31,922
Alexander Black Bequest	5,422	-	-	-	365	5,787
John Hamilton Brown Bequest	110,049	-	-	-	7,405	117,454
Sir James Cameron Bequest	9,663	-	-	-	650	10,313
Clouston Memorial Trust	3,350	-	-	-	225	3,575
Ghulam Mohi-Ud Din Trust	2,630	-	-	-	177	2,807
George A Gibson Lectureship	737	-	-	-	50	787
Verona Gow Bequest	96,862	-	-	-	6,517	103,379
Mohamed Haniffa Hamza Bequest	1,695	-	-	-	114	1,809
Jessie MacGregor Prize	8,039	-	-	-	541	8,580
James MacKenzie Medal	1,498	-	-	-	101	1,599
Alexander Morison Fund	509	-	-	-	34	543
Stelios Nicolaidis Fund	1,109	-	-	-	75	1,184
Hill Pattison-Struthers Bursaries	16,312	-	-	-	1,098	17,410
Robert Philip Memorial Lectureship	59,562	-	-	-	4,008	63,570
HRH Richards Bequest	6,650	-	-	-	447	7,097
Miss Janet Reid Trust	47,299	-	-	-	3,182	50,481
Catherine Wedderburn Rintoul Fund	65,661	-	-	-	4,418	70,079
Russell Bequest	981,761	-	-	-	66,057	1,047,818
John Matheson Shaw Bequest	15,209	-	-	-	1,023	16,232
Myre Sim Bequest	1,176,171	-	-	-	79,138	1,255,309
JMAS Sim Fellowship	4,044,649	-	-	-	272,143	4,316,792
Sydney Watson Smith Bequest	222,694	-	-	-	14,984	237,678
Peter Morrison Tolmie Bequest	23,125	-	-	-	1,556	24,681
Watson Lecture	1,218	-	-	-	82	1,300
Wood Bursary	20,164	-	-	-	1,357	21,521
	6,971,485	-	-	-	469,074	7,440,559
<i>Expendable endowments</i>						
Bryan Ashworth Bequest	559,433	-	-	-	37,641	597,074
Ambuj Nath Bose Bequest	575	-	-	-	39	614
William Cullen Prize	10,439	-	-	-	702	11,141
Stanley Davidson Trust	490,759	-	-	-	33,021	523,780
Education & Research Trust	489,672	-	-	-	32,947	522,619
Joan Ferguson Bequest	189,501	-	-	-	12,750	202,251
Marion B M Lindsay Bequest	58,481	-	-	-	3,935	62,416
Lister Fellowship	22,804	-	-	-	1,534	24,338
Charles McNeil Lectureship	15,843	-	-	-	1,066	16,909
Alexander Morison Lectureship	3,637	-	-	-	245	3,882
Marjorie Robertson Trust	795,822	-	-	-	53,547	849,369
	9,608,451	-	-	-	646,501	10,254,952

17c Restricted funds: movements in the current year

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

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

Funds held as part of the College bank and cash balances:

Conference Centre donations - donations for the upcoming Conference Centre redevelopment project.
EBM Training Materials - developing educational materials on topics related to evidence-based medicine.
SCLF grant - funding fellowships for doctors taking part in the Scottish Clinical Leadership programme
ePortfolio for Revalidation - developing an e-system for recertification and revalidation.
Guidance on Adolescent Medicine - guidance for doctors in managing patients transferring from paediatric to adult services.
Leo McCarthy History of Medicine Award - to meet the costs of a prize promoting medical history research.
HP Andrew Douglas - funding research into clinical, respiratory medicine.
James Lind Library - to meet the cost of activities intended to improve the content and/or functionality of the James Lind Library.
MTI Placements - to help the College assist overseas doctors wishing to undertake a fixed period of training in the UK.
MTI Placements Scotland - funding of £90,000 was received from the Scottish Government to meet the costs of appointing an additional project manager for MTI for 2 years. The aim being to place a minimum of an additional 15 International graduates through the Medical Training Initiative scheme.
Paley Stamp Collection - for conservation of the historic stamp collection of the College.
Pilot National Audits in Epilepsy and CAP - assessing and improving the standards of care for patients with epilepsy and community-acquired pneumonia.
Scottish Academy: External Advisor Project - funding to cover an external assessor for recruitment panels which are administered by the Scottish Academy.
SIGA (Scottish Intercollegiate Group on Alcohol) - intercollegiate body addressing problems of alcohol in society.
SHAAP (Scottish Health Action on Alcohol Problems) - a medical advocacy body on alcohol, established through SIGA and funded by the Scottish Government. Grants of £184,000 were received in the period to fund the project and its related EU Medical Advocacy activities.
Sibbald Library Restricted Fund - to maintain, support and develop the historic collections of the College Library.
SPARS - a study to assess junior doctors' prescribing experiences and preferences on drug charts currently available in Scotland.
TARGET (Targeting Adverse Risk by Generating Expert Tools) - supporting the development of a computer-based system to improve prescribing for hypertension.
Wellcome Digitisation project - a Wellcome Trust funded project to digitise and make available online a collection of over 25,000 19th century books and pamphlets.
Wellcome Duncan Project Expenditure - grant is to fund the digitalisation of 99 casebooks digitalisation will be performed by UK archiving.
Wellcome Ballantyne Cataloguer - funding to catalogue and conserve an important collection on developmental medicine built up by J W Ballantyne, a pioneering specialist in ante-natal care.
Wolfson Fund - the purchase of rare books.
Zambia Fund - funding for work undertaken to support Lusaka APEX Medical University in Zambia.

Funds held as part of the College Portfolio:

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

Notes to the Accounts (continued)
for the year ended 31 January 2019

17c Restricted funds: movements in current year (2019)	31 January 2018	Income	Expenditure	Transfers	31 January 2019
	£	£	£	£	£
Held as part of the College bank & cash balances					
Conference Centre donations	627,345	100	(627,445)	-	-
EBM Training Materials	7,402	45	0	-	7,447
SCLF Grant	32,285	196	0	-	32,481
ePortfolio for Revalidation	5,190	31	0	-	5,221
Guidance on Adolescent Medicine	17,696	106	0	-	17,802
Leo McCarthy History of Medicine Award	-	4,007	(1,656)	-	2,351
HP Andrew Douglas	350,000	2,118	0	-	352,118
James Lind Library	2,646	117	0	-	2,763
MTI Placements	19,715	120	0	-	19,835
MTI Placements Scotland	31,261	116	(24,199)	-	7,178
Paley Stamp Collection	1,260	8	0	-	1,268
Pilot National Audits in Epilepsy and CAP	10,529	64	(62)	-	10,531
Scottish Academy: External Advisor Project	62,820	78,982	(104,775)	-	37,027
SIGA	1,183	6	0	-	1,189
SHAAP	88,764	250,450	(263,611)	-	75,603
Sibbald Library Restricted Fund	2,894	249	(1,330)	-	1,813
SPARS	4,482	27	0	-	4,509
TARGET	114	1	0	-	115
Wellcome Digitisation project	42	-	0	-	42
Wellcome Duncan Project Expenditure	1,894	13	0	-	1,907
Wellcome Ballantyne Cataloguer	40,356	172	(23,852)	-	16,676
Wolfson Fund	1,951	12	0	-	1,963
Zambia Fund	9,024	572	(8,750)	-	846
	<u>1,318,853</u>	<u>337,512</u>	<u>(1,055,680)</u>	<u>-</u>	<u>600,685</u>
Held as part of the College Portfolio					
Permanent endowments					
W A Alexander Bequest	-	585	(79)	(506)	-
Freeland Barbour Fellowship	4,374	919	(121)	(843)	4,329
Alexander Black Bequest	1,567	171	(22)	(17)	1,699
John Hamilton Brown Bequest	34,181	3,498	(444)	(337)	36,898
Sir James Cameron Bequest	1,430	298	(39)	(29)	1,660
Clouston Memorial Trust	2,135	113	(13)	(11)	2,224
Ghulam Mohi-Ud Din Trust	2,238	92	(11)	(8)	2,311
George A Gibson Lectureship	181	23	(3)	(2)	199
Verona Gow Bequest	25,816	3,054	(10,222)	(295)	18,353
Mohamed Haniffa Hamza Bequest	650	54	(7)	(5)	692
Jessie MacGregor Prize	5,288	272	(32)	(26)	5,502
James MacKenzie Medal	1,177	51	(6)	(5)	1,217
Alexander Morison Fund	2,094	27	(2)	(3)	2,116
Stelios Nicolaidis Fund	1,567	42	(5)	(4)	1,600
Hill Pattison-Struthers Bursaries	6,792	529	(65)	(51)	7,205
Robert Philip Memorial Lectureship	6,475	1,823	(240)	(176)	7,882
HRH Richards Bequest	553	203	(27)	(20)	709
Miss Janet Reid Trust	11,108	1,493	2,309	(144)	14,766
Catherine Wedderburn Rintoul Fund	8,212	2,014	(865)	(896)	9,065
Russell Bequest	48,334	29,886	(44,342)	(2,885)	30,793
John Matheson Shaw Bequest	4,945	485	(61)	(47)	5,322
Myre Sim Bequest	80,660	35,675	(27,952)	(7,262)	81,121
JMAS Sim Fellowship	193,557	124,842	(16,661)	(12,132)	289,606
Sydney Watson Smith Bequest	47,414	6,945	(4,248)	(670)	49,441
Peter Morrison Tolmie Bequest	8,811	744	(93)	(72)	9,390
Watson Lecture	1,218	45	(5)	(4)	1,254
Wood Bursary	4,197	633	(81)	(61)	4,688
	<u>504,974</u>	<u>214,316</u>	<u>(102,737)</u>	<u>(26,511)</u>	<u>590,042</u>
Expendable endowments					
Bryan Ashworth Bequest	17,330	14,238	(112,461)	118,341	37,448
Ambuj Nath Bose Bequest	760	21	(2)	(2)	777
William Cullen Prize	2,958	329	(635)	(32)	2,620
Stanley Davidson Trust	90,556	15,214	(25,442)	(1,471)	78,857
Education & Research Trust	13,239	14,755	(4,372)	(1,435)	22,187
Joan Ferguson Bequest	5,690	5,716	(765)	(555)	10,086
Marion B M Lindsay Bequest	4,686	1,781	(236)	(173)	6,058
Lister Fellowship	10,048	742	(92)	(71)	10,627
Charles McNeil Lectureship	7,106	516	(64)	(49)	7,509
Alexander Morison Lectureship	3,591	130	(15)	(12)	3,694
Isabella Kirk Duncanson Trust	26,355	145	(3,930)	0	22,570
Marjorie Robertson Trust	60,904	24,042	(77,931)	(2,349)	4,666
	<u>243,223</u>	<u>77,629</u>	<u>(225,945)</u>	<u>112,192</u>	<u>207,099</u>
Total Restricted funds	<u>2,067,050</u>	<u>629,457</u>	<u>(1,384,362)</u>	<u>85,681</u>	<u>1,397,826</u>

Notes to the Accounts (continued)
for the year ended 31 January 2019

17c	Restricted funds: movements in the previous year (2018)	31 January 2017	Income	Expenditure	Transfers	31 January 2018
		£	£	£	£	£
<i>Held as part of the College bank & cash balances</i>						
	Conference Centre donations	375,964	251,381	-	-	627,345
	EBM Training Materials	7,373	29	-	-	7,402
	SCLF Grant	54,800	171	(22,686)	-	32,285
	ePortfolio for Revalidation	12,146	34	(6,990)	-	5,190
	Guidance on Adolescent Medicine	17,626	70	-	-	17,696
	HP Andrew Douglas	-	350,000	-	-	350,000
	James Lind Library	1,914	732	-	-	2,646
	MTI Placements	19,655	78	(18)	-	19,715
	MTI Placements Scotland	31,392	45,123	(45,254)	-	31,261
	Paley Stamp Collection	1,255	5	-	-	1,260
	Pilot National Audits in Epilepsy and CAP	10,488	41	-	-	10,529
	Scottish Academy: External Advisor Project	63,292	45,486	(45,958)	-	62,820
	SIGA	1,178	5	-	-	1,183
	SHAAP	37,937	208,669	(157,842)	-	88,764
	Sibbald Library Restricted Fund	2,734	2,214	(2,054)	-	2,894
	SPARS	4,464	18	-	-	4,482
	TARGET	114	-	-	-	114
	Wellcome Digitisation project	42	-	-	-	42
	Wellcome Duncan Project Expenditure	4,951	13	(3,070)	-	1,894
	Wellcome Ballantyne Cataloguer	-	40,356	-	-	40,356
	Wolfson Fund	1,943	8	-	-	1,951
	Zambia Fund	-	10,018	(994)	-	9,024
		649,268	954,451	(284,866)	-	1,318,853
<i>Held as part of the College Portfolio</i>						
<i>Permanent endowments</i>						
	W A Alexander Bequest	-	571	(80)	(491)	-
	Freeland Barbour Fellowship	3,693	892	(123)	(88)	4,374
	Alexander Black Bequest	1,441	165	(22)	(17)	1,567
	John Hamilton Brown Bequest	33,343	3,364	(2,183)	(343)	34,181
	Sir James Cameron Bequest	1,211	288	(40)	(29)	1,430
	Clouston Memorial Trust	2,053	107	(14)	(11)	2,135
	Ghulam Mohi-Ud Din Trust	2,172	86	(11)	(9)	2,238
	George A Gibson Lectureship	164	22	(3)	(2)	181
	Verona Gow Bequest	27,563	2,954	(4,397)	(303)	25,816
	Mohamed Haniffa Hamza Bequest	611	52	(7)	(5)	650
	Jessie MacGregor Prize	5,090	258	(33)	(27)	5,288
	James MacKenzie Medal	1,139	49	(6)	(5)	1,177
	Alexander Morison Fund	2,075	24	(2)	(3)	2,094
	Stelios Nicolaidis Fund	1,537	39	(5)	(4)	1,567
	Hill Pattison-Struthers Bursaries	6,403	509	(67)	(53)	6,792
	Robert Philip Memorial Lectureship	5,127	1,766	(244)	(174)	6,475
	HRH Richards Bequest	403	196	(27)	(19)	553
	Miss Janet Reid Trust	14,508	1,441	(4,694)	(147)	11,108
	Catherine Wedderburn Rintoul Fund	7,571	1,954	(1,119)	(194)	8,212
	Russell Bequest	26,364	28,854	(4,029)	(2,855)	48,334
	John Matheson Shaw Bequest	4,589	465	(62)	(47)	4,945
	Myre Sim Bequest	74,537	34,723	(17,188)	(11,412)	80,660
	JMAS Sim Fellowship	518,355	121,322	(433,851)	(12,269)	193,557
	Sydney Watson Smith Bequest	42,752	6,706	(1,372)	(672)	47,414
	Peter Morrison Tolmie Bequest	8,264	716	(95)	(74)	8,811
	Watson Lecture	1,187	41	(5)	(5)	1,218
	Wood Bursary	3,731	611	(83)	(62)	4,197
		795,883	208,177	(469,762)	(29,325)	504,974
<i>Expendable endowments</i>						
	Bryan Ashworth Bequest	47,702	16,585	(2,295)	(44,662)	17,330
	Ambuj Nath Bose Bequest	744	20	(2)	(2)	760
	William Cullen Prize	3,988	322	(1,319)	(33)	2,958
	Stanley Davidson Trust	79,325	14,713	(2,014)	(1,468)	90,556
	Education & Research Trust	3,001	14,349	(2,687)	(1,424)	13,239
	Joan Ferguson Bequest	1,512	5,554	(778)	(598)	5,690
	Marion B M Lindsay Bequest	3,369	1,727	(240)	(170)	4,686
	Lister Fellowship	9,506	709	(94)	(73)	10,048
	Charles McNeil Lectureship	6,729	493	(65)	(51)	7,106
	Alexander Morison Lectureship	3,497	122	(15)	(13)	3,591
	Isabella Kirk Duncanson Trust	90,183	306	(64,134)	-	26,355
	Marjorie Robertson Trust	51,041	23,489	(11,310)	(2,316)	60,904
		300,597	78,389	(84,952)	(50,810)	243,223
	Total Restricted funds	1,745,748	1,241,017	(839,580)	(80,135)	2,067,050

Notes to the Accounts (continued)
for the year ended 31 January 2019

17d Transfers between funds

Designated funds

£196,632 (2018: £130,058) was transferred in the period to the Designated Msc Internal Medicine Fund. These funds represent 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.

£1,000,000 (2018: £1,000,000) was transferred in the period to the Designated Fabric Fund. This is to support the refurbishment of the Conference Centre.

An inter-fund charge of £26,626 (2018: £18,826) was made in favour of the General Fund against designated funds for the cost of financial and management administration over the period. This comprised a charge in respect of the MSC Internal Medicine course of 10% of annual revenue. Furthermore a charge of 10% of annual revenue generated by designated funds in the year ended 31 January 2018 was made and allocated in proportion to the value of investments held by each trust or fund.

Restricted funds

£3,790 (2018: £7,990) was transferred from the Myre Sim Bequest to support work on online international registrations for education events

An inter-fund charge of £28,626 (2018: £28,719) was made in favour of the General Fund against the restricted income funds administered as part of the College portfolio for the cost of financial and management administration over the period. This was based on 10% of annual revenue generated by each endowment in the year ended 31 January 2018 and was allocated in proportion to the value of investments held by each trust or

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

	2019	2018
	£	£
Net income for the reporting period	(3,331,269)	279,926
Depreciation charges	144,818	91,537
Losses/(Gains) on investments	452,457	(758,688)
Dividends, interest and rents from investments	(343,367)	(344,624)
Decrease in stocks	7,966	(5,210)
(Increase) in debtors	(280,327)	(241,852)
Increase in creditors	443,886	527,716
Net cash (used in) operating activities	(2,905,836)	(451,195)

19 Analysis of cash and cash equivalents

	31 January		1 February
Changes in net funds	2019	Cash flows	2018
	£	£	£
Cash in hand	4,279,594	(2,893,164)	7,172,758
Cash held as part of investment portfolio	433,195	(75,096)	508,291
	4,712,789	(2,968,260)	7,681,049

20 Contingent Liability

The College has no potential commitments to pay (2018: nil) in respect of future years of 3 year grants awarded to MSc students as the grants have yet to be confirmed. These have not been provided for in these accounts as courses are often amended or not fully completed and therefore payment is not considered to be probable.