



The Royal College of Pathologists

Pathology: the science behind the cure

Annual report and financial statements

For the year ended 30 June 2018

Registered charity number 261035



The Royal College of Pathologists
4th Floor, 21 Prescot Street, London, E1 8BB, UK
Tel: 020 7451 6700, Fax: 020 7451 6701, www.rcpath.org

The Royal College of Pathologists
Index to the financial statements

	<u>Page</u>
Report of the trustees	1 - 9
Report of the auditors	10- 11
Consolidated statement of financial activities	12
Consolidated and College balance sheets	13
Consolidates statement of cash flows	14
Accounting policies	15 - 17
Notes to the financial statements	17 - 27

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2018

The Trustee Board are pleased to present their report together with the financial statements of the College for the year ended 30 June 2018.

Objectives & activities

The College's mission is to promote excellence in the practice of pathology and to be responsible for maintaining standards through training, assessments, examinations and professional development, to the benefit of the public. The trustees have complied with the duty in the Charities Act 2011 to have due regard to guidance published by the Charity Commission, including public benefit guidance.

Pathology is the science at the heart of modern medicine, vital for the understanding, diagnosis and planning clinical management of disease. 70 – 80% of all health care decisions affecting diagnosis or treatment involve a pathology investigation. *(Department of Health, England. Report of the Review of NHS Pathology Services in England, chaired by Lord Carter of Coles, 2006.)*

Pathologists study the causes of disease and the ways in which disease processes affect our bodies. Recognising the patterns that disease takes allows us to understand what's at the root of a problem, enabling accurate diagnosis. Following up this understanding helps treatments to be devised and preventative measures to be put in place.

The fact that much pathology goes on behind the scenes may account for the fact that many people are almost unaware of its ongoing contributions to modern medicine. Without the work of pathologists there could be no firm answers, and improving or even maintaining the quality of medical care would be impossible.

The College's unique role ensures that high quality standards of knowledge and expertise are maintained in all areas relating to pathology. The College ensures that pathologists are qualified and up to date in their practice by:

- Setting standards for education and training in pathology.
- Examining against these standards.
- Providing a leading continuing professional development programme.
- Running scientific seminars and expert workshops on a national and regional basis.

The College looks after the interests of patients by:

- Producing guidelines and other documents that set standards of best practice.
- Providing advice to pathologists and governments.
- Ensuring lay representation on all designated College committees.
- Working with organisations such as Lab Tests On-Line and Labs are Vital as a resource for patients to find out about the various clinical tests that are used in their diagnosis and treatment.

The College helps in the search for cures to disease by committing to strengthening the research base of the specialty. This is achieved through:

- Supporting fellows and trainees who undertake research activities as part of their day to day work.
- Awarding bursaries and prizes for research.

The Royal College of Pathologists
Report of the trustees for the year ended 30 June 2018

Objectives & activities (continued)

The College has a public engagement programme whose aims include inspiring secondary school students to learn about science through an innovative and creative programme focusing on health and disease. The goals of this programme are to:

- Raise awareness of pathology and its crucial role in treating and curing disease.
- Increase interest in pathology as a career option.
- Contribute to the wider initiative of engaging the public in contemporary science.
- Support the teaching of science in secondary schools.
- Change attitudes towards science, in particular pathology.

Activities

To achieve the objectives stated above, the significant activities undertaken by the College during the year under review can be broken down into the following areas:

Training, examinations and assessments:

- Setting the standards for training in pathology through the provision of medical, clinical science and veterinary pathology curricula.
- Administering medical pathology training through College Specialist Training Committees, who advise and provide guidance on all major issues relating to specialist training in pathology.
- Managing the development, implementation and evaluation of workplace based assessments for medical trainees and advising on the development of workplace based assessments for clinical science trainees.
- Registering and monitoring Specialty Registrars for the duration of their training and recommending them for the award of a Certificate of Completion of Training (CCT) to the General Medical Council (GMC).
- Providing electronic training portfolios to allow registered trainees to record their progress in training.
- Administering all aspects of development, implementation and delivery of the FRCPATH part 1 and part 2 examinations in the 17 pathology specialties, and the Stage A, Stage C, Certificate and Diploma examinations.
- Ensuring that curricula, assessments and examinations are approved by the appropriate regulator, and that transitional arrangements are in place where these change significantly.
- Recommending to the GMC whether or not the training and/or qualifications and experience of pathologists applying to the Specialist Register under the Certificate of Equivalence of Specialist Registration (CESR) rules is equivalent in content and duration to that required for a CCT.
- Responding to initiatives from the Departments of Health.
- Management of the process of admission to membership by published works.
- Attending, and providing support for local and national careers fairs.
- Supporting training through the provision of e-learning materials.
- Supporting the provision and promotion of pathology in undergraduate and foundation training.

Professional standards

- Providing a leading continuing professional development scheme for members.
- Supporting the Professional Performance Panel to deal with revalidation queries and concerns about professional performance in all disciplines of pathology, delivering invited reviews of pathology services for healthcare organisations and providing guidance relating to professional performance in pathology.

The Royal College of Pathologists
Report of the trustees for the year ended 30 June 2018

Activities (continued)

Consultancy services

- The provision of consultancy services to providers or commissioners where an authoritative independent review is required on the provision of high quality pathology services.

Clinical Effectiveness

- Providing guidance and support to members and trainees on quality improvement methodologies including clinical audit to enable them to maintain and improve their services for patients.
- Ensuring pathology input into guidelines and standards produced by national bodies
- Continued membership of the International Collaboration on Cancer Reporting to support the production of common and internationally validated and evidence based pathology datasets for cancer reporting for use throughout the world.
- The production of high quality evidence based clinical guidelines in pathology to accredited standards.

Workforce

- Maintaining standards in pathology by approving NHS consultant job descriptions and overseeing the College's statutory role in consultant advisory appointment committees AAC's).
- Collecting data to assess the current medical and scientific workforce, by encouraging the membership to complete the online workforce census, delivering direct surveys and using AAC results to triangulate the information to produce statistics on staffing levels.
- Developing a programme of actions that, over time, reinforce the College's position as a trusted source of advice, by collecting and utilising high quality workforce data in pathology to inform and influence workforce planning agencies.

Conferences and academic activities

- Management of the programme of in-house symposia designed to keep participants up to date with current thinking and practice in the pathology disciplines.

Advisory committees

- Much of the work of the College is achieved through sub committees. These activities manage and service the College's committees, specialty advisory committees, intercollegiate and joint committees, and working parties.
- Committees deal with generic matters crossing all pathology specialties whilst the specialty advisory committees advise on specialty specific matters such as histopathology and microbiology, etc.
- Servicing the lay governance group so as to ensure lay involvement in the College decision making process.
- Coordinating the work of the College's councils for England, Northern Ireland, Scotland and Wales.

Communications

- Production of the quarterly publication "The Bulletin" distributed to members and subscribers.
- Production of a range of publications and guidelines on best practice in pathology.
- Production of the monthly President's e-newsletter for members.
- Development and maintenance of the College's web site, including the members' area.
- Engagement with politicians, civil servants and other key stakeholders.
- Providing a professional point of contact for all media enquiries.
- Running the public engagement programme, including National Pathology Week and International Pathology Day.

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2018

Activities (continued)

International development

- Advocating for quality laboratory medicine training, research and services around the world.
- Establishing international development and exchange programmes between the UK and overseas.
- Administering the College sponsorship scheme, Medical Training Initiative, and International Trainee Support Scheme to support international medical graduates with their pathology training
- Coordinating the efforts of College members and other professionals in pathology in the UK who wish to collaborate with colleagues overseas to create sustainable development.
- Developing and implementing strategies to engage the College UK and international members on global health issues.
- Fostering international strategic partnerships, collaborations and alliances.

Volunteers

Many members give their time freely to help the College achieve its objects by attending committee meetings, sitting on working parties, acting as examiners, commenting on reports, acting in a local liaison capacity, assisting with the public engagement programme, or undertaking some other task or function on behalf of the College. The Trustee Board is greatly indebted to these individuals for their commitment and support.

Achievements & performance

The College produces a full Annual Report, which should be consulted for an analysis of the achievements and performance of the College for the year to 30th June 2018. The major project of the construction of the College's new premises at Alie Street continues to progress well with no changes to the anticipated occupancy in late 2018.

Investment performance

In the last 12 months, global markets went from an unbridled bull in 2017 and the first month of 2018 to a very different environment from February onwards as the risk of trade tariffs increased market volatility. Returns were largely dependent on being in the right sectors and countries, with information technology, energy and financials scoring well. The US, Japan and emerging markets fared better than Europe, with the UK in the middle. The College's investments had another good year, with the portfolio delivering a total return of 7.9% in the 12 months to 30 June 2018. Over the longer term the portfolio has delivered 29.81% and 48.72% on a three and five year timeframe respectively.

Financial review

The income for the College for the year amounted to £5.2 million. Subscriptions remain the largest source of income, amounting to £3.2 million, followed by postgraduate education and examinations at £1.4 million. Membership numbers grew by over 2% for the year and the number of candidates sitting College examinations grew by 8%. Expenditure totalled £5.1 million.

Work on the construction of the new Alie Street premises progresses well. The build started in January 2017 and, although we have suffered some delays due to the inclement weather in January and February 2018 the project is on track to be completed in the 4th quarter of 2018. In terms of costs, the project remains on budget. The amount spent on the construction of the building in the year to 30 June 2018 amount to £10.7 million. We have commenced drawdown of the development loan facility which has been secured to fund approximately 28% of the total costs of the project.

The Royal College of Pathologists
Report of the trustees for the year ended 30 June 2018

Financial review (continued)

Examinations expenditure has reduced over the prior year as fewer venues were used and the continuing trend of moving from wet to dry examinations. Income from College symposia was more than budgeted as 12 meetings were run.

Income from RCPATH Consulting, accounted for through the College's wholly owned trading subsidiary, RCPATH Trading Limited, amounted to £78k with costs of £53k. The trading surplus is gift aided to the College.

Reserves

The Trustee Board has established a reserves policy, whereby the unrestricted funds not committed or invested in tangible fixed assets, or designated for specific purposes (the 'free reserves') held by the College, should normally be sufficient to allow the College to operate without income for up to 15 months. This level of reserves is essential, because our income is not guaranteed and can be subject to significant fluctuations year on year.

The College's reserves ensure that short term changes in revenue will not materially affect the College's activities, secures the long term funding of the College and enables the College to meet its duties under statute and its Royal Charter to promote standards of education and practice of pathology. This level of reserves would also enable the College to address any unforeseeable ad-hoc expenditure arising from topical issues in pathology, which the College feels should be addressed. At 30th June 2018 the level of free reserves of £6.8 million equated to just over 15 months income cover. The total amount of restricted funds at 30 June 2018 amounted to £685k.

Going concern

The trustees have reviewed the financial position and financial forecasts, taking into account the levels of investment reserves and cash, and the systems of financial control and risk management. As a result of this review, the trustees believe that they are well placed to manage operational and financial risks successfully.

Accordingly, the trustees consider that the College has adequate resources to continue in operational existence for the foreseeable future. They continue to support the going concern basis in accounting and in preparing the annual financial accounts.

Designated funds

Designated funds are funds set aside by the Trustee Board out of unrestricted general funds for specific future purposes or projects, and are excluded from the value of the College's free reserves. An explanation of the College's designated funds is given in note 22 to these accounts.

Investment policy and objectives

The Trustee Board's investment policy is to maximise the return on investments taking the medium to long-term view with a moderate level of risk. The capital value of the portfolio should be protected in line with the objective of generating an annual rate of return of inflation, as defined by the Consumer Price Index (CPI), plus 4% over a 5 year basis after expenses.

The Trustee Board may invest funds of the College in such stocks, funds, shares, or securities and other investments within the United Kingdom or elsewhere as the Board sees fit, provided that the Board is satisfied that such investment is not speculative, and will not expose such monies and other investments to undue risk. The Trustee Board is restricted from investing in companies directly engaged in the supply or sale of tobacco or whose activities include a significant component of arms manufacture or sales. The total return approach is adopted, including for those investments relating to restricted funds.

The Royal College of Pathologists
Report of the trustees for the year ended 30 June 2018

Risk management

The principal risks faced by the College are in relation to the redevelopment of the new premises at 6 Alie Street, errors in the processing of examinations and the failure to update or innovate IT systems.

The risks associated with the Alie Street development have been mitigated by retaining expert firms of advisors, including property development project managers, cost consultants, architects, structural engineers, and mechanical electrical and plant engineers, together with other consultants as necessary to provide an independent expert view and advice. To mitigate against the time overruns on the project the College has negotiated a suitable lease period on its temporary premises.

The IT risks are mitigated by conducting regular reviews of equipment and software. The examination risks are being mitigated by introducing specialist examinations management software and in a review of procedures and controls.

Auditors

A resolution will be proposed at the Annual General Meeting that Begbies be re-appointed as auditors to the College for the ensuing year.

Plans for future periods

The College will continue to undertake the work as set out above in the objectives and activities section. The College's forward plan 2018 – 2021 contains objectives to be undertaken during this period, some highlights of which are below.

The construction of the new premises at Alie Street continues, and is due to be completed in late 2018. We will be moving from our temporary premises into the new building, and will be finalising and implementing the plans to operationalise the building in preparation for our occupation. In addition we will commence marketing for the office floor space that we intend to let out to tenants.

The circa 45,000 square foot premises will contain lecture theatres, meeting rooms, office and other accommodation and have sufficient expansion space for the next 50 years or so for the College's use. We will be developing a programme of activities that will generate an income stream from the new building, including the letting of the rooms, and providing a programme of conferences and symposia that will provide accredited continuing professional development activities and a range of learning opportunities to maintain and increase professional knowledge for pathologists.

We will be working with the College's contract caterer to market the facilities to clients, and it is envisaged that once fully operational the conference facility will generate significant revenue for the College. Some up-front costs will have to be expended to ensure that the facilities are operational in advance of generating revenue. This commercial activity will be handled by RCPATH Trading Limited, the College's wholly owned subsidiary company.

Having launched the initial parts of phase 2 of the website redevelopment we will be continuing the work over the next few months. In addition we will be continuing the development of an electronic infrastructure for examinations which will aid in optimising the efficiency of the marking process. We will be piloting the College's recognition framework and process for non-UK postgraduate specialty training. We will be improving the information and support to members and trainees pursuing research in pathology and utilising the online publishing gateway to develop an open access research community.

Following the recent survey of members an action plan is being developed with the aim of improving services to members and member engagement.

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2018

Plans for future periods (continued)

As part of the College's public engagement programme we will again be running the successful National Pathology Week, and additionally International Pathology Day, both of which will be held in November 2018. This is part of a public engagement programme to increase understanding of what pathology is and what pathologists do. We will work with influential contacts to showcase the work of the profession to advance patient care and safety by raising awareness and understanding of pathology and its contribution to the prevention, diagnosis and treatment of disease.

Structure, Governance & Management

The College of Pathologists was founded on 21 June 1962 and was incorporated under Royal Charter on 28 February 1970, and registered as a Charitable Trust on 28 April 1970. The College is governed by its Royal Charter, Ordinances and By-laws, the "governing documents".

The Trustee Board is responsible for the structure, governance and management of the College, including financial matters. Members of the Board are the trustees of the College. Committees reporting to the Trustee Board include the Council, Governance Committee, Nominations Committee and Remuneration Committee. Council is responsible for the clinical, educational and professional functions of the College. Council has sub committees, including standing advisory committees, examinations and training committees, and regional councils.

The trustees who served during the year are set out below. Trustees are elected for a three year term of office after which they may serve again only after a one year gap, unless elected to another honorary officer role. The Treasurer and Registrar can serve for a maximum of two consecutive three-year terms of office. The honorary officers are elected by the fellowship as a whole from amongst the fellows.

The members of the regional councils for Northern Ireland, Scotland and Wales are elected by the fellows in that region. The regional council then elects its chair, who serves as a trustee on the Trustee Board. Under the new governance arrangements the chair of the regional council and trustee representing that region will be elected directly by the fellows in the particular region. Members of the England regional council are elected from among the fellows in England.

Trustees take decisions in the best interests of the College as a whole. They operate in accordance with a code of conduct that makes explicit reference to objectivity in decision-making. A register of interests is maintained in respect of each member of the Trustee Board and Council. On appointment to office trustees receive an induction pack and are invited to attend the annual induction training meeting.

The Trustee Board approves the College's annual budget and forward plan. Once approved, the implementation of the plan is delegated to the staff, who have the authority to work within the parameters set by the Board. Decisions of a strategic nature, or items outwith the agreed budget and plan, must be referred to the Board.

The College wholly owns a subsidiary company, RCPATH Trading Limited, which undertakes certain trading activities. The directors of the company are the College's President, Treasurer and Chief Executive. The Trustee Board requires that the taxable profits of the company be paid to the College under gift aid.

Responsibilities of the trustees

The trustees are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2018

Responsibilities of the trustees (continued)

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the incoming resources and application of resources of the College for that period. In preparing these financial statements, the trustees are required to:

- Selected suitable accounting policies and then apply them consistently;
- Observe the methods and principals of the Statement of Recommended Practice (Charities SORP);
- Made judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to do presume that the College will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities SORP (FRS 102) and the provisions of the Royal Charter, Ordinances and By-Laws. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the College and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Key management personnel remuneration

The trustees consider the Trustee Board and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the College on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in notes 6 and 10 to the accounts.

The pay of all staff, including the senior staff, is reviewed annually by the remuneration committee. In view of the nature of the charity, the trustees benchmark against pay levels in the London not for profit sector of a similar size. The remuneration bench-mark is the median of the range paid for similar roles. A new job evaluation and grading system and salary structure for all College staff was developed by an external consultant and agreed by the Trustee Board, which was implemented from June 2017.

Statement of disclosure to auditor

So far as the trustees are aware, there is no relevant audit information of which the College's auditors are unaware. Additionally the trustees have taken all the steps they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Reference & administrative details

Principal Office

The Royal College of Pathologists, 4th Floor, 21 Prescott Street, London E1 8BB.

Telephone: 020 7451 6700

Facsimile: 020 7451 6701

E-mail: info@rcpath.org

Website: www.rcpath.org

Registered charity number 261035 in England & Wales

The Royal College of Pathologists
Report of the trustees for the year ended 30 June 2018

Reference & administrative details (continued)

Trustees

Those who served as trustees during the year were as follows:

Prof Jo Martin	President (from 16 November 2017) President Elect (to 16 November 2017)
Dr David Bailey	Vice President (demitted office 16 November 2017)
Sir Rodney Brooke	Lay Trustee (demitted office 16 November 2017)
Dr David Cassidy	Treasurer
Dr Bernie Croal	Chair Scotland regional council (demitted office 16 November 2017)
Prof Shelley Heard	Vice President (appointed 16 November 2017)
Prof Tim Helliwell	Vice President (demitted office 16 November 2017)
Prof Peter Johnston	Chair Scotland regional council (appointed 16 November 2017)
Dr Rachael Liebmann	Vice President (from 16 November 2017, Registrar to 16 November 2017)
Dr Suzy Lishman	President (demitted office 16 November 2017)
Dr Tim Littlewood	Vice President (appointed 16 November 2017)
Mr Tommy McIlravey	Lay Trustee
Prof Ken Mills	Chair Northern Ireland regional council
Dr Lance Sandle	Registrar (from 16 November 2017, Vice President to 16 November 2017)
Mr Robert Smith	Lay Trustee (appointed 16 November 2017)
Ms Avril Wayte	Assistant Registrar
Dr Esther Youd	Chair Wales regional council

Senior Staff

Daniel Ross	Chief Executive
Joanne Brinklow	Director of Learning
Diane Gaston	Director of Communications
Stella Macaskill	Director of Professionalism
Nigel Pollard	Director of Corporate Services

Professional advisors to the College

Auditors:	Begbies, 9 Bonhill Street, London EC2A 4DJ.
Taxation advisors:	Crowe, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH.
Property advisors:	CBRE, Henrietta House, Henrietta Place, London W1G 0NB.
Solicitors:	Bond Dickinson, 4 More London Riverside, London SE1 2AU. IBB Solicitors, Capital Court, 30 Windsor Street, Uxbridge UB8 1AB.
Investment managers:	Canaccord Genuity, 41 Lothbury, London EC2R 7AE.
Bankers:	HSBC Bank, 69 Pall Mall, St. James's, London SW1Y 5EY.

Approved by the Trustee Board and signed on their behalf by:



Professor Jo Martin
President
26 July 2018

Independent auditor's report to the trustees of The Royal College of Pathologists

Opinion

We have audited the financial statements of The Royal College of Pathologists (the 'charity') for the year ended 30 June 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 financial statements:

- Give a true and fair view of the state of the parent charity and its subsidiary undertaking's affairs as at 30 June 2018 and of their incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 discussed in the auditor's responsibilities for the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements 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 financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the report of the trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the trustees of The Royal College of Pathologists

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the trustees report; or
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

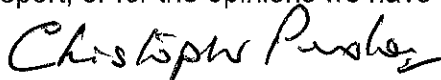
Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the College's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the College's trustees 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 College and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Pexton FCA (Senior Statutory Auditor)

For and on behalf of:

Begbies

Chartered Accountants

Statutory Auditors

9 Bonhill Street

London

EC2A 4DJ

26 July 2018

Begbies is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Royal College of Pathologists
Consolidated Statement of Financial Activities for the year ended 30 June 2018

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income from:						
Donations & legacies	5	3,172	-	1,000	4,172	3,732
Charitable activities						
Subscriptions		3,238,655	-	-	3,238,655	3,126,629
Postgraduate education & examinations		1,416,216	-	-	1,416,216	1,325,786
International development		21,396	-	8,109	29,505	74,696
Conferences & academic activities		221,457	-	-	221,457	124,048
Professional standards		67,701	-	(7,306)	60,395	65,628
Communications & public engagement		5,246	-	369	5,615	11,308
Trading activities		78,771	-	-	78,771	33,000
Investments	4	157,329	-	7,013	164,342	202,740
Other		689	-	-	689	1,052
Total income		5,210,632	-	9,185	5,219,817	4,968,619
Expenditure on:						
Raising funds						
Trading activities		46,043	-	-	46,043	12,761
Investment management fees		25,557	-	-	25,557	19,716
Charitable activities						
Postgraduate education & examinations		1,561,907	-	13,610	1,575,517	1,657,077
International development		420,066	16,420	419	436,905	410,288
Conferences & academic activities		306,015	-	-	306,015	220,391
Research		-	-	13,334	13,334	526
Professional standards		311,775	-	-	311,775	337,088
Clinical effectiveness		256,056	9,213	1,490	266,759	245,015
Workforce		307,002	-	-	307,002	290,886
Communications & public engagement		1,130,514	86,911	10,491	1,227,916	1,052,292
Advisory committees		583,149	-	-	583,149	540,563
Total expenditure	8	4,948,084	112,544	39,344	5,099,972	4,786,603
Net income / (expenditure) before net gains on investments		262,548	(112,544)	(30,159)	119,845	182,016
Net gains on investments	15	280,255	-	34,997	315,252	686,868
Net income / (expenditure)		542,803	(112,544)	4,838	435,097	868,884
Transfers between funds	21	(6,200)	26,000	(19,800)	-	-
Net movement in funds		536,603	(86,544)	(14,962)	435,097	868,884
Reconciliation of funds:						
Total funds brought forward		6,284,446	29,627,022	680,077	36,591,545	35,722,661
Total funds carried forward	21	6,821,049	29,540,478	665,115	37,026,642	36,591,545

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The notes on pages 15 to 27 form part of these accounts.

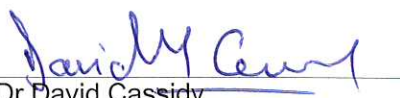
The Royal College of Pathologists
Consolidated and College Balance Sheets as at 30 June 2018

	Note	Consolidated		College	
		2018 £	2017 £	2018 £	2017 £
Fixed Assets:					
Tangible assets	14	32,597,355	22,056,648	32,597,355	22,056,648
Investments	15	5,685,228	5,385,166	5,685,328	5,385,266
Total fixed assets		38,282,583	27,441,814	38,282,683	27,441,914
Current assets:					
Stocks	16	14,132	15,294	14,132	15,294
Debtors	17	920,413	514,247	976,957	504,647
Cash at bank and in hand		5,528,711	11,815,588	5,460,204	11,810,826
Total current assets		6,463,256	12,345,129	6,451,293	12,330,767
Liabilities:					
Creditors: Amounts falling due within one year	18	(4,298,018)	(3,057,165)	(4,286,155)	(3,042,903)
Provisions for liabilities	20	(100,000)	-	(100,000)	-
Net current assets		2,065,238	9,287,964	2,065,138	9,287,864
Total assets less current liabilities		40,347,821	36,729,778	40,347,821	36,729,778
Creditors: Amounts falling due after more than one year	18	(3,321,179)	-	(3,321,179)	-
Provisions for liabilities	20	-	(100,000)	-	(100,000)
Net assets excluding pension liability		37,026,642	36,629,778	37,026,642	36,629,778
Defined benefit pension scheme liability		-	(38,233)	-	(38,233)
Total net assets		37,026,642	36,591,545	37,026,642	36,591,545
The funds of the College:					
Unrestricted funds - general funds	23	6,821,049	6,284,446	6,821,049	6,284,446
Unrestricted funds - designated funds	23	29,540,478	29,627,022	29,540,478	29,627,022
Restricted funds	23	665,115	680,077	665,115	680,077
Total College funds		37,026,642	36,591,545	37,026,642	36,591,545

The notes on pages 15 to 27 form part of these accounts.

The financial statements were approved by the Trustee Board on 26th July 2018 and signed on behalf of the Trustee Board by


 Professor Jo Martin
 President


 Dr David Cassidy
 Treasurer

The Royal College of Pathologists
Consolidated statement of cash flows for the year ended 30 June 2018

	2018 £	2017 £
Cash flows from operating activities:		
Net cash provided by / (used in) operating activities (note 1 below)	4,234,752	670,892
Cash flows from investing activities:		
Dividends and interest received	164,342	202,740
Proceeds from the sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	(10,701,160)	(3,644,616)
Proceeds from the sale of investments	611,943	2,900,190
Purchase of investments	(596,754)	(1,723,048)
Net cash provided by / (used in) investing activities	(10,521,629)	(2,264,734)
Change in cash and cash equivalents in the year	(6,286,877)	(1,593,842)
Cash and cash equivalents at the beginning of the year	11,815,588	13,409,430
Cash and cash equivalents at the end of the year (note 2 below)	5,528,711	11,815,588

Notes to the statement of cash flows

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per the statement of financial activities)	119,845	182,016
Adjustments for:		
Depreciation charges	160,453	246,887
(Gains)/losses on investments	-	-
Dividends and interest	(164,342)	(202,740)
Loss/(profit) on the sale of fixed assets	-	-
(Increase)/decrease in stocks	1,162	(6,736)
(Increase)/decrease in debtors	(406,166)	(59,322)
Increase/(decrease) in creditors	4,523,799	510,787
Net cash provided by / (used in) operating activities	4,234,751	670,892

2. Analysis of cash and cash equivalents

	2018 £	2017 £	Change in year £
Total cash and cash equivalents	5,528,711	11,815,588	(6,286,877)

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

(b) Public benefit entity

The College meets the definition of a public benefit entity under FRS 102.

(c) Going concern

The trustees consider that there are no material uncertainties about the College's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(d) Group financial statements

The financial statements consolidate the results of the College and its wholly owned subsidiary, RCPATH Trading Limited, on a line by line basis.

(e) Income

Income is included on a receivable basis. Income from subscriptions, trainee registration and fees for participation in the continuing professional development scheme are recognised in the accounting period to which the services covered by those fees relate. Fees received in advance are accounted for as deferred income within creditors.

Income from examinations and conferences & academic activities are included in the accounting period in which the examination or conference takes place.

(f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes the costs of delivering examinations, training and educational activities undertaken to further the purposes of the College and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(g) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned, based on staff numbers engaged in each activity. Governance costs are apportioned on the same basis.

(h) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange prevailing at the time of the transaction. No balances are held in foreign currencies.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

(i) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised. Depreciation is charged on fixed assets at rates calculated to write off their cost evenly as follows:

Freehold land and buildings	nil
Leasehold properties (lease term remaining greater than 100 years)	nil
Leasehold properties (lease term remaining under 100 years)	over the period of the lease
Fixtures, fittings and office equipment	over 3 to 5 years
Computer systems and software	over 2 to 3 years

The College has adopted an accounting policy of capitalising borrowing costs that are directly attributable to the construction of the new building.

Freehold land and buildings are not depreciated since they are currently undergoing a substantial redevelopment. No depreciation is charged on work in progress. Investment property is included at fair value based on management's estimate of open market value.

Leasehold properties where the lease term remaining is in excess of 100 years are not depreciated as the College has a policy of maintaining them in such a condition that their value is not impaired by the passage of time. The Trustee Board is of the opinion that any provision for depreciation would not be material and that the property is worth at least its book value.

As explained in note 14, heritage assets have not been capitalised or depreciated as no reliable value can be attributed.

(j) Operating leases

Instalments under operating lease commitments arising in the year are included in the Statement of Financial Activities for the year in which they arise.

(k) Stocks

These are stated at the lower of cost and net realisable value.

(l) Funds accounting

Funds held by the College are:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustee Board.

Designated funds - these are funds set aside by the Trustee Board out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the College. Restrictions arise when specified by the donor or where funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

(m) Pension scheme

The College is a Participating Employer in SAUL. The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of SAUL's assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017.

It is not possible to identify an individual Employer's share of the underlying assets and liabilities of SAUL. The College accounts for its participation in SAUL as if it were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 28.11 of FRS 102.

As there was a Technical Provisions surplus at 31 March 2017 there is no defined benefit liability (i.e. the present value of any deficit contributions due to SAUL) to be recognised by the College.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

(n) Research Grants

Grants payable and receivable are recognised in the statement of financial activities in the period to which the grant relates and where conditions relating to the grant have been fulfilled.

(o) Fixed asset investments

Fixed asset investments are included at their fair values (market value) at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

(p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

(r) Creditors and provisions

Creditors and provisions are recognised where the charity 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

2. Trading income and expenditure

RCPATH Trading Limited

The College owns 100% of RCPATH Trading Limited (Company number 04535296). The main activities of the company are to undertake various trading activities of the College. The company supplies consultancy services under the trading name of RCPATH consulting. It's other activities are in abeyance whilst the College is in temporary accommodation pending the new property redevelopment. It will donate its taxable profits to the College under gift aid. Trading results extracted from its audited accounts are as follows:

Profit & Loss account	2018 £	2017 £
Turnover	78,771	33,000
Cost of sales and administrative expenses	47,331	13,485
Net profit	31,440	19,515
Payable under gift aid to The Royal College of Pathologists	31,440	19,515
Profit retained in RCPATH Trading Limited	Nil	Nil
Balance sheet	2018 £	2017 £
Debtors	629	25,821
Cash at bank	68,507	4,762
	69,136	30,583
Creditors: amounts falling due within one year	(69,036)	(30,483)
Net assets	100	100
Share capital	100	100
Profit and loss account	-	-
Capital and reserves at 30 June	100	100

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

3. Detailed comparatives for the statement of financial activities in 2017

	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2017 £
Income from:				
Donations & legacies	2,851	-	881	3,732
Charitable activities				
Subscriptions	3,126,629	-	-	3,126,629
Postgraduate education & examinations	1,293,786	-	32,000	1,325,786
International development	45,098	-	29,598	74,696
Conferences & academic activities	124,048	-	-	124,048
Professional standards	65,628	-	-	65,628
Communications & public engagement	11,308	-	-	11,308
Trading activities	33,000	-	-	33,000
Investments	196,640	-	6,100	202,740
Other	1,052	-	-	1,052
Total income	4,900,040	-	68,579	4,968,619
Expenditure on:				
Raising funds				
Trading activities	12,761	-	-	12,761
Investment management fees	19,716	-	-	19,716
Charitable activities				
Postgraduate education & examinations	1,644,222	-	12,855	1,657,077
International development	368,650	27,507	14,131	410,288
Conferences & academic activities	220,391	-	-	220,391
Research	-	-	526	526
Professional standards	337,088	-	-	337,088
Clinical effectiveness	234,247	9,014	1,754	245,015
Workforce	290,886	-	-	290,886
Communications & public engagement	1,050,782	-	1,510	1,052,292
Advisory committees	540,563	-	-	540,563
Total expenditure	4,719,306	36,521	30,776	4,786,603
Net income / (expenditure) before net gains on investments	180,734	(36,521)	37,803	182,016
Net gains on investments	620,253	-	66,615	686,868
Net income / (expenditure)	800,987	(36,521)	104,418	868,884
Transfers between funds	(371,055)	381,055	(10,000)	-
Net movement in funds	429,932	344,534	94,418	868,884
Reconciliation of funds:				
Total funds brought forward	5,854,514	29,282,488	585,659	35,722,661
Total funds carried forward	6,284,446	29,627,022	680,077	36,591,545

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

4. Income from investments

	Unrestricted Funds £	Restricted Funds £	2018 £	2017 £
Bank deposit interest	33,379	474	33,853	72,956
Income from UK listed investments	90,110	6,539	96,649	104,783
Income from overseas listed investments	33,840	-	33,840	25,001
	<u>157,329</u>	<u>7,013</u>	<u>164,342</u>	<u>202,740</u>

5. Donations & Legacies

	2018 £	2017 £
College members	1,851	1,371
Other donations	2,321	2,361
	<u>4,172</u>	<u>3,732</u>

6. Staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2018 £	2017 £
The total cost of salaries and wages were		
Salaries and wages	2,296,540	2,113,273
Redundancy and termination payments	3,000	32,808
Social security costs	235,771	216,152
Pension contributions	283,977	243,549
	<u>2,819,288</u>	<u>2,605,782</u>

The number of employees whose emoluments exceeded £60,000 in the year was as follows:

	2018 No.	2017 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	2	2
£120,001 - £130,000	1	1

Contributions were made to a defined benefit pension scheme amounting to £64,757 (2017 - £62,478) in respect of the staff noted above.

The key management personnel of the charity comprise the trustees, the Chief Executive and the 4 other senior managers. The total employee remuneration of the key management personnel amounted to £404,732 (2017 - £390,487).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2017 - £Nil). No charity trustee received payment for professional or other services supplied to the charity (2017 - £Nil).

Travel, subsistence and accommodation costs incurred amounting to £57,486 (2017 - £74,827) were reimbursed to 13 (2017 - 13) members of the Trustee Board.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018 No.	2017 No.
Postgraduate education & examinations	18.9	19.0
Conferences & academic activities	2.3	1.8
Professional standards	4.4	5.7
Clinical effectiveness	4.3	3.8
Advisory committees	7.2	6.0
Communications & public relations	13.1	11.4
Workforce	4.5	4.4
International development	6.7	5.4
	61.4	57.5
	56.4	52.4

The average number of full time equivalent employees during the year was

8. Total expenditure

	Direct Costs £	Staff Costs £	Support Costs £	Total 2018 £	Total 2017 £
Trading activities	46,043	-	-	46,043	12,761
Investment management fee	25,557	-	-	25,557	19,716
Postgraduate education & examinations	415,891	833,306	326,320	1,575,517	1,657,077
International development	54,650	296,059	86,195	436,904	410,288
Conferences & academic activities	153,641	116,409	35,965	306,015	220,391
Research	13,334	-	-	13,334	526
Professional standards	9,229	206,824	95,722	311,775	337,088
Clinical Effectiveness	16,279	187,395	63,085	266,759	245,015
Workforce	1,418	218,090	87,494	307,002	290,886
Communications & public engagement	379,404	629,109	219,403	1,227,916	1,052,292
Advisory committees	117,938	332,096	133,115	583,149	540,563
Total for the year ended 30 June 2018	1,233,384	2,819,288	1,047,299	5,099,971	4,786,603
Total for the year ended 30 June 2017	1,169,350	2,605,782	1,011,471	4,786,603	

Governance costs are contained within support costs and are not shown separately. They comprise the expenditure in relation to the Trustee Board of £33,566 (2017 - £27,817) and the auditors remuneration as detailed in note 9 below.

9. Net incoming resources for the year

	2018 £	2017 £
This is stated after charging:		
Depreciation	160,453	246,887
Operating lease rentals - land and buildings	247,758	218,302
Auditor's remuneration - external audit	8,819	8,620
Auditor's remuneration - payroll bureau services	4,825	4,599
Auditor's remuneration - other services	-	420
Trustee liability indemnity insurance	1,065	1,054
	1,065	1,054

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

10. Related party transactions

The College's trading subsidiary, RCPATH Trading Limited, under the trading name of RCPATH Consulting, provides consultancy services where an authoritative independent view is required on the provision of high quality pathology services, advice on the commissioning or tendering of pathology services, advice on the reconfiguring of pathology services or advice as part of an option appraisal process. A panel of suitably qualified advisors has been recruited following an open recruitment process available to all individuals who meet the person specification. The process for recruitment of advisors includes the completion of an application form and a panel interview. Not all applicants are successful. The panel of advisors includes some current or former trustees of the College and the amounts paid to such advisors was as follows:

		2018	2017
		£	£
Dr Rachael Liebmann	Trustee	2,100	700
Prof Peter Furness	Former trustee	10,150	-

11. Pensions

The College participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme within the United Kingdom and was contracted-out of the Second State Pension (prior to April 2016).

SAUL is an independently-managed pension scheme for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on a Career Average Revalued Earnings ("CARE") basis.

The College is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Funding Policy

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and Employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. The Trustee and Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE salaries.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

12. Allocation of costs

Support costs as per note 8 above, can be broken down by activity, as follows:

	Information technology £	Finance £	Secretariat £	Premises £	Total £
Postgraduate education & examinations	74,954	43,317	32,767	175,282	326,320
International development	19,961	11,533	8,724	45,977	86,195
Conferences & academic activities	8,303	4,813	3,641	19,208	35,965
Professional standards	22,179	12,805	9,686	51,052	95,722
Clinical effectiveness	14,615	8,446	6,389	33,635	63,085
Workforce	20,245	11,715	8,861	46,673	87,494
Communications & public engagement	50,614	29,242	22,119	117,428	219,403
Advisory committees	30,027	17,345	9,769	75,974	133,115
Total support costs					1,047,299

The basis of allocation of support costs is as follows:

Information technology costs have been allocated on the basis of the number of computers used by each department. Finance costs, secretariat costs and premises costs have been allocated on the basis of the headcount.

Salary costs as per note 8 above can be further analysed as follows:

	Directly Attributable £	HR, Payroll & IT £	Finance £	Secretariat £	Premises £	Total £
Postgraduate education & examinations	585,274	68,659	92,151	46,813	40,409	833,306
International development	209,423	24,018	32,082	16,389	14,147	296,059
Conferences & academic activities	88,799	7,634	10,285	5,201	4,490	116,409
Professional standards	133,593	20,287	27,163	13,838	11,943	206,824
Clinical effectiveness	138,998	13,390	18,002	9,127	7,878	187,395
Workforce	151,067	18,563	24,874	12,660	10,926	218,090
Communications & public engagement	441,236	52,071	69,612	35,527	30,663	629,109
Advisory committees	233,007	27,471	36,695	18,745	16,178	332,096
Total salary costs						2,819,288

The basis of allocation of salary costs is as follows:

Information technology costs have been allocated on the basis of the number of computers used by each department.

Finance costs, secretariat costs, premises costs and HR & payroll costs have been allocated on the basis of the headcount.

13. Taxation

As a registered charity the College is exempt from corporation tax since all income is applied for charitable purposes.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

14. Tangible fixed assets

Consolidated and College	Building in construction £	Freehold Property £	Investment Property £	Leasehold Property £	Computer Systems & Software £	Fixtures, Fittings & Equipment £	Total £
Cost or valuation							
At 1 July 2017	6,201,714	14,939,848	-	1,045,492	522,638	173,768	22,883,460
Reclassification	-	-	734,855	(734,855)	-	-	-
Additions	10,683,333	-	-	-	17,827	-	10,701,160
Disposals	-	-	-	-	-	-	-
At 30 June 2018	<u>16,885,047</u>	<u>14,939,848</u>	<u>734,855</u>	<u>310,637</u>	<u>540,465</u>	<u>173,768</u>	<u>33,584,620</u>
Depreciation							
At 1 July 2017	-	-	-	284,928	408,861	133,023	826,812
Provided in year	-	-	-	25,709	111,654	23,090	160,453
Disposals	-	-	-	-	-	-	-
At 30 June 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,637</u>	<u>520,515</u>	<u>156,113</u>	<u>987,265</u>
Net book value at 30 June 2018	<u>16,885,047</u>	<u>14,939,848</u>	<u>734,855</u>	<u>-</u>	<u>19,950</u>	<u>17,655</u>	<u>32,597,355</u>
Net book value at 30 June 2017	<u>6,201,714</u>	<u>14,939,848</u>	<u>734,855</u>	<u>25,709</u>	<u>113,777</u>	<u>40,745</u>	<u>22,056,648</u>

The College's freehold building is undergoing a substantial redevelopment which commenced in late 2016, and is due to be completed in the second half of 2018. No depreciation will be charged on the building and its additions, until the redevelopment is complete. Included in the amount capitalised in the period is interest payable on the development loan of £4,183.

The investment property is valued at cost, which, in the opinion of the trustees, is the fair value at 30 June 2018.

In addition to the capitalised fixed assets held for the Charity's own use, the College also has a number of assets on trust for retention in perpetuity as a permanent record of the College's history. These comprise a unique collection of paintings depicting the College's 16 Presidents since its founding in 1962, together with a library collection and other artefacts whose intrinsic value is also bound up with the College's history. These are irreplaceable originals to which no reliable cost or value can be attributed and accordingly these assets have not been capitalised in the financial statements.

15. Investments

	Consolidated		College	
	2018 £	2017 £	2018 £	2017 £
Market value at 1 July 2017	5,385,166	5,875,440	5,385,266	5,875,540
Additions at cost	596,753	1,723,048	596,753	1,723,048
Disposals at market value	(611,943)	(2,900,190)	(611,943)	(2,900,190)
Net gain on revaluation	315,252	686,868	315,252	686,868
Market value at 30 June 2018	<u>5,685,228</u>	<u>5,385,166</u>	<u>5,685,328</u>	<u>5,385,266</u>
Historical cost at 30 June 2018	<u>4,153,406</u>	<u>4,474,091</u>	<u>4,153,506</u>	<u>4,474,191</u>
Investments at market value comprised:				
UK listed fixed interest securities	121,114	226,077	121,114	226,077
UK listed equity shares	1,430,994	1,506,238	1,430,994	1,506,238
UK listed investment trusts and unit trusts	1,539,258	1,595,299	1,539,258	1,595,299
Overseas listed fixed interest securities	202,766	102,380	202,766	102,380
Overseas listed investment trusts and unit trusts	2,144,604	1,693,250	2,144,604	1,693,250
Cash held by investment manager awaiting reinvestment	246,492	261,922	246,492	261,922
Unlisted investments	-	-	100	100
Market value as at 30 June 2018	<u>5,685,228</u>	<u>5,385,166</u>	<u>5,685,328</u>	<u>5,385,266</u>

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

15. Investments (continued)

Unlisted investments at cost comprise:

RCPATH Trading Limited - 100 ordinary shares of £1 each

2018	2017
£	£
100	100
100	100
100	100

The College owns 100% of the ordinary share capital of RCPATH Trading Limited which has been consolidated as a subsidiary undertaking throughout.

16. Stocks

Consolidated and College

Memorabilia for resale

Wines

2018	2017
£	£
12,348	13,510
1,784	1,784
14,132	15,294
14,132	15,294

17. Debtors

Prepayments and accrued income

Other debtors

VAT recoverable

Amounts due from subsidiary undertaking

	Consolidated		College	
	2018	2017	2018	2017
	£	£	£	£
Prepayments and accrued income	259,708	191,565	259,708	191,565
Other debtors	266,042	181,941	265,413	172,341
VAT recoverable	394,663	140,741	394,663	140,741
Amounts due from subsidiary undertaking	-	-	57,173	-
	920,413	514,247	976,957	504,647
	920,413	514,247	976,957	504,647

18. Creditors

Amounts falling due within one year

Deferred income (note 19)

Trade Creditors

Bank loan

Other creditors

Taxation and social security

Accruals

Amounts due to subsidiary undertaking

	Consolidated		College	
	2018	2017	2018	2017
	£	£	£	£
Deferred income (note 19)	2,150,778	2,056,524	2,150,778	2,056,524
Trade Creditors	1,619,269	717,447	1,614,269	717,447
Bank loan	248,345	-	248,345	-
Other creditors	59,359	89,516	59,359	89,516
Taxation and social security	59,636	61,670	59,636	61,670
Accruals	160,631	132,008	153,768	101,525
Amounts due to subsidiary undertaking	-	-	-	16,221
	4,298,018	3,057,165	4,286,155	3,042,903
	4,298,018	3,057,165	4,286,155	3,042,903

Amounts falling due after more than one year

Consolidated and College

Bank loan - amount due between 2 and 5 years

Bank loan - amount due after 5 years

2018	2017
£	£
1,561,600	-
1,759,579	-
3,321,179	-
3,321,179	-

The loan is a development loan secured by a first legal charge over the land and building owned by the College at 6-8 Alle Street and is being drawn down in monthly tranches as the construction of the College's new headquarters on the site progresses. It will be converted into a commercial mortgage upon completion of the project in the autumn of 2018, with the total loan on completion of the project amounting to £12 million. Interest is charged at 1.5% above base rate.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

19. Deferred income Consolidated and College	2018 £	2017 £
Balance at 1 July 2017	2,056,524	1,923,070
Amount released to incoming resources	(2,056,524)	(1,923,070)
Amount deferred in the year	2,150,778	2,056,524
Balance as at 30 June 2018	<u>2,150,778</u>	<u>2,056,524</u>

Deferred income comprises income from subscriptions, trainee registration, examinations, conferences and continuing professional development, received in advance, that will form part of incoming resources during the following financial year.

20. Provisions for liabilities and charges Consolidated and College	2018 £	2017 £
Amount of commitments at 1 July 2017 and 30 June 2018	100,000	100,000
Timing of commitments		
Commitments payable within one year	100,000	-
Commitments payable after one year	-	100,000
Amount of commitments at 30 June 2018	<u>100,000</u>	<u>100,000</u>

The above liability relates to the dilapidations clause in the College's lease of its short term premises which requires the complete removal of the fittings installed by the College and the redecoration and repairs to the space to bring the area back to the agreed schedule of condition accepted by both parties prior to the College's occupation of the premises.

21. Total Funds Consolidated and College	Balance at 1 July 2017 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance at 30 June 2018 £
Restricted funds						
Research Pool Fund	44,463	110	(13,335)	-	-	31,238
Oliver Memorial Fund	141,991	3,099	(1,133)	-	4,017	147,974
Bhagwan Singh Fund	45,664	809	(5,000)	-	5,098	46,571
Flynn Lecture Fund	83,391	825	(1,211)	-	23,402	106,407
Kohn Memorial Fund	37,942	1,204	(152)	-	1,574	40,568
Developmental Pathology Fund	21,484	692	-	-	906	23,082
Medical Examiner Training Fund	97,619	267	-	-	-	97,886
Quality in Pathology Fund	3,161	5	(1,490)	-	-	1,676
E-learning Project Fund	130,000	-	-	-	-	130,000
Death Certification Project Fund	27,106	(27,106)	-	-	-	-
Lab Skills Africa Fund	1,214	-	2,300	-	-	3,514
International Challenge Events Fund	17,711	8,109	(2,719)	-	-	23,101
Public Engagement Fund	4,356	369	(1,794)	-	-	2,931
Furness Prize Fund	949	2	(200)	-	-	751
Neera Patel Fund	881	1,000	(1,000)	-	-	881
Summer School Fund	22,145	-	(13,610)	-	-	8,535
Cancer Workforce Fund	-	19,800	-	(19,800)	-	-
	<u>680,077</u>	<u>9,185</u>	<u>(39,344)</u>	<u>(19,800)</u>	<u>34,997</u>	<u>665,115</u>
Unrestricted Funds						
Designated Property Fund	29,149,272	-	-	-	-	29,149,272
Designated Cancer Reporting Fund	71,330	-	(9,213)	-	-	62,117
Designated International Fund	16,420	-	(16,420)	-	-	-
Designated Website Fund	225,000	-	(86,911)	-	-	138,089
Designated E-learning Fund	65,000	-	-	-	-	65,000
Designated EQA Fund	50,000	-	-	-	-	50,000
Designated New Premises Marketing Fund	50,000	-	-	-	-	50,000
Designated Meetings Fund	-	-	-	26,000	-	26,000
General unrestricted fund	6,284,446	5,210,632	(4,948,084)	(6,200)	280,255	6,821,049
Total Funds	<u>36,591,545</u>	<u>5,219,817</u>	<u>(5,099,972)</u>	<u>-</u>	<u>315,252</u>	<u>37,026,642</u>

An explanation as to the nature of the restricted and designated funds is given in note 22 to these accounts.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

22. Restricted and designated funds

The Research Pool Fund was established in 1995 to promote research in pathology.

The Oliver Memorial Fund was established to perpetuate the name of Percy Lane Oliver, by providing an annual national award for service to blood transfusion, and for the furtherance of knowledge relating to the principles and practices of blood transfusion.

The Bhagwan Singh Fund was established in 1982 to sponsor occasional visits between the UK and Malaysia, to promote Malaysian pathology.

The Flynn Lecture Fund was established in 1998 to fund an annual lecture in clinical biochemistry. Additionally, a number of bursaries are awarded to trainees to attend the scientific meeting where the lecture is delivered.

The Kohn Memorial Fund was established in 1987 to fund an annual lecture mainly in clinical biochemistry.

The Developmental Pathology Fund was established in July 2004 as a gift from the Developmental Pathology Society to fund an occasional named "Emery" lecture in paediatric pathology.

The Medical Examiner Training Fund was established by grant in aid from the Department of Health (England) to support the development of e-learning materials for medical examiners of the cause of death.

The Quality in Pathology Fund was established on the winding up of the CPA Trust Limited. Its remaining assets were gifted to the College to operate, organise and promote quality and efficiency in pathology and pathology laboratories.

The E-learning Project Fund was established to fund the provision of electronic learning for pathology consultants and trainees, and is supported by grant in aid from e-Learning for Healthcare, part of Health Education England.

Labskills Africa is a two year project being led by the College in partnership with the College of Pathologists of East, Central and Southern Africa and the British Division of International Academy of Pathology to improve laboratory medicine services in sub-Saharan Africa. The programme is funded through the Health Partnership Scheme which is funded by the UK Department for International Development and managed by the Tropical Health & Education Trust.

The International Challenge Events Fund was established to raise funds for the College's international development projects.

The Public Engagement fund was established by way of a prize awarded by The Royal Society to Dr Suzy Lishman for her work on behalf of the College on public engagement and is available for the College's public engagement work.

The Furness Prize fund was established in 2010 to fund an annual prize in science communication in relation to pathology.

The Summer School Fund was established to collect and administer the funds to run the annual pathology summer school, which is funded and run in association with a number of pathology specialist societies.

The Cancer Workforce Fund was established to fund a task and finish group on cancer workforce deliverables.

The Neera Patel Memorial Fund was established by way of gift from the family of the late Neera Patel to provide funds to support a named College lecture in Neera's name and also a travelling bursary award for trainees in head, neck or breast pathology.

The designated property fund was established following the disposal of the College's previous functional property to hold the funds that will be required (excluding the amount to be borrowed by way of mortgage loan) for the acquisition and redevelopment of the Alie Street premises.

The designated cancer reporting fund was established to fund the College's share of the commitment to the International Collaboration on Cancer Reporting, of which the College is a member of a quadripartite alliance formed in 2011 to pursue global harmonisation of cancer datasets for pathology reporting. The ICCR has been incorporated as a not for profit organisation and the College is a foundation member.

The designated International fund was established to hold the balance of unspent funds on projects committed by the College supporting the development of laboratory medicine in low income countries, together with the cost of the Clinical Director of International Activities.

The designated website fund was established to fund the work on developing the College's new website. The expenditure during the year represents the costs of managing the implementation of phase 2 of the project.

The designated e-learning fund was established to support the development of electronic learning materials for pathology where the balance on the restricted fund would be insufficient to cover the cost of production of the e-learning content.

The designated EQA fund was established to fund initial expenditure on interpretive EQA and technical EQA monitoring systems.

The designated meetings fund was established to hold the College's share of the costs of running various meetings that the College is hosting in the second half of 2018

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2018

22. Restricted and designated funds (continued)

The designated new premises marketing fund was established for expenditure on the marketing of the facilities at Alie Street that will generate revenue for the College in subsequent years.

23. Analysis of net assets between funds

Consolidated and College	Tangible fixed assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Restricted Funds					
Research Pool Fund	-	-	31,238	-	31,238
Oliver Memorial Fund	-	145,658	2,316	-	147,974
Bhagwan Singh Fund	-	47,064	-493	-	46,571
Flynn Lecture Fund	-	101,839	4,568	-	106,407
Kohn Memorial Fund	-	34,092	6,476	-	40,568
Developmental Pathology Fund	-	19,629	3,453	-	23,082
Medical Examiner Training Fund	-	-	97,886	-	97,886
Quality in Pathology Fund	-	-	1,676	-	1,676
E-Learning Project Fund	-	-	130,000	-	130,000
Labskills Africa Fund	-	-	3,514	-	3,514
International Challenge Events Fund	-	-	23,101	-	23,101
Public Engagement Fund	-	-	2,931	-	2,931
Furness Prize Fund	-	-	751	-	751
Neera Patel Fund	-	-	881	-	881
Summer School Fund	-	-	8,535	-	8,535
	-	348,282	316,833	-	665,115
Unrestricted Funds					
Designated Property Fund	31,824,895	645,553	3	(3,321,179)	29,149,272
Designated Cancer Reporting Fund	-	-	62,117	-	62,117
Designated International Fund	-	-	-	-	-
Designated Website Fund	-	-	138,089	-	138,089
Designated E-learning Fund	-	-	65,000	-	65,000
Designated EQA Fund	-	-	50,000	-	50,000
Designated New Premises Marketing Fund	-	-	50,000	-	50,000
Designated Meetings Fund	-	-	26,000	-	26,000
General Unrestricted Fund	772,460	4,691,393	1,357,196	-	6,821,049
	32,597,355	5,685,228	2,065,238	(3,321,179)	37,026,642

24. Capital commitment

As described in note 14, at 30 June 2018 the College was undertaking a substantial redevelopment of its freehold premises at 6-8 Alie Street, London E1.

The total cost of the project net of recoverable VAT is anticipated to be in the order of £26.2 million, of which £16.9 million has been expended and capitalised at 30 June 2018, with a resulting capital commitment at the balance sheet date of £9.3 million.

25. Operating lease commitments

The College had total commitments over multiple years in respect of operating leases as follows:

	2018 £	2017 £
Leases which expire in under 1 year - land and buildings	130,786	-
Leases which expire between 1 and 5 years - land and buildings	-	382,027
Total lease commitments at 30 June 2018	130,786	382,027

26. Presentational currency

The presentational currency is Sterling.