



The Royal College of Pathologists
Pathology: the science behind the cure

Annual report and financial statements

For the year ended 30 June 2019

Registered charity number 261035



The Royal College of Pathologists
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Tel: 020 7451 6700, www.rcpath.org

The Royal College of Pathologists

Index to the financial statements

	<u>Page</u>
Report of the trustees	1 - 10
Report of the auditors	11- 12
Consolidated statement of financial activities	13
Consolidated and College balance sheets	14
Consolidated statement of cash flows	15
Accounting policies	16 - 18
Notes to the financial statements	18 - 29

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2019

The Trustee Board are pleased to present their report together with the financial statements of the College for the year ended 30 June 2019.

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 2019

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 our objectives the College has undertaken significant activities during the year under review:

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.
- 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 Certificate of Completion of Training.
- 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.

Patient safety

- Support pathologists and their teams to improve safety and quality of care.
- Encourage shared learning to advance patient safety and quality improvement.

The Royal College of Pathologists
Report of the trustees for the year ended 30 June 2019

Activities (continued)

Professional standards

- Deliver a leading continuing professional development scheme and user friendly online CPD and revalidation portfolio 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 formal advice on professional performance in pathology.
- Supporting the external quality assessment stakeholders forum.

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 patient safety and quality improvement methodologies including clinical audit and to deliver continuous quality improvement awareness months.
- 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 reviewing and approving consultant level job descriptions and overseeing the College's statutory role in consultant advisory appointment committees (AAC's).
- Collecting data from direct surveys and the outcomes of appointments to enable the College to define the workforce required to deliver high quality patient centred pathology services throughout the UK.
- Providing data to enable the College to have a clear voice on pathology workforce planning.

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 the College's committee structure reporting to Council and ultimately the Trustee Board. These activities provide professional advice and guidance through specialty advisory committees, intercollegiate and joint committees.
- 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.
- Lay input and ethics are overseen by respective committees.
- Regional councils for England, Northern Ireland, Scotland and Wales maintain valuable regional and local influence and insight.

The Royal College of Pathologists
Report of the trustees for the year ended 30 June 2019

Activities (continued)

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 across the UK to raise awareness and understanding of the value of pathology and the role of the College.
- Responding to parliamentary questions and consultations.
- Identifying opportunities to promote the work of the College via the media and improve the understanding of pathology.
- Providing a professional point of contact for all media enquiries.
- Delivering the College's public engagement programme, including National Pathology Week and International Pathology Day.
- Managing grant schemes and awards.

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 2019. The major achievement during the year was the completion of the construction of the College's new headquarters building at 6 Alie Street, and the move into the premises from the temporary office premises.

Investment performance

As in 2011 and 2015, the 2018 calendar year was very much "risk off", although, the reasons were quite different. From the end of January, markets were concerned about President Trump's trade agenda, starting with steel and aluminium tariffs and later moving on to tariffs on Chinese imports during the summer. Whereas the early correction in February and March was shallow and focused on trade only, the correction that started in late September was deeper and conflated issues. Not

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2019

only were markets worried about the effect that tariffs on \$250 billion worth of Chinese exports to the US would have on the US economy and the consequential hit to companies' profit margins, but, in addition, the Federal Reserve (Fed) monetary policy started to unnerve with investors. As the Fed raised interest rates four times during the year and withdrew stimulus by selling assets (after buying them in previous years), concerns emerged that rising rates and quantitative tightening (rather than easing) would bring the US economy to an early recession. The December Fed meeting, with its unapologetic defence of rate rises triggered the final leg of the correction for the fourth quarter in 2018.

However, 2019 saw markets rebounding and have only had one down month so far (May). Risk appetite is being driven by the expectation that the Fed will now cut rates more than once this year, after a policy pivot in January, and by expectations that the US-China trade and technology war will be resolved favourably. Against this volatile backdrop the College's portfolio delivered a total return of +8.70% in the 12 months to 30 June 2019. Over the longer term, the portfolio has delivered +35.06% and +48.13% on a three and five-year timeframe respectively

Financial review

Work on the construction of the new premises at Alie Street has mostly finished, which is a fantastic achievement. Practical completion of the floors from basement to 4th took place on 19th November 2018 with the upper floors being handed over on 30th April 2019. Some final works are still ongoing with regard to the mechanical and electrical systems, and general snagging, but it is hoped that these will be concluded shortly. There were some delays with the handover of the building from the contractor but the cost of the works has come in under budget.

The College moved into the new building over the weekend of 16-19 November with no unplanned downtime. The lease on the temporary office space has now come to an end and successful negotiations were concluded with the landlord that saved £43k against the expected cost.

Total income amounted to £6.21 million, and expenditure £6.38 million, with a resulting deficit for the year of £178k. It was always envisaged that a deficit would be made for the financial year. The College has had the costs of running two premises during this year, our temporary location in Prescott Street and the new premises at Alie Street, which is a one-off situation, but one which had considerable extra costs associated with it. There were also the costs of the move between the two.

In January 2019 the College, via its wholly owned subsidiary company RCPATH Trading Limited, commenced the commercial conference centre activity called Events @ No6. As expected for the year to 30 June this operation made a loss. As a start-up business the sales and marketing operations commenced before we moved into the premises and were open for business, with various staff posts established in advance of generating revenues. Additionally the revenue from the room hire and catering has been slower than expected, partly due to the delay in being handed the building from the contractor, and partly as a result of the difficult general economic situation.

The largest source of income came from subscriptions, amounting to £3.4 million. This includes the newly created membership category of medical examiners, with numbers building slowly as this is launched.

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 Royal College of Pathologists

Report of the trustees for the year ended 30 June 2019

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 2019 the level of free reserves of £4.9 million equated to 9½ months income cover. The total amount of restricted funds at 30 June 2019 amounted to £1,099k.

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.

Risk management

The principal risks faced by the College are: not achieving the revenue targets for the new commercial conference centre activity; examination risks including errors in the processing of examinations; and IT risks, including breach of security on systems, the failure to update or innovate IT systems, and reliance on the College database.

The risks associated with the conference centre are being mitigated by regular meetings with the contract caterers who are responsible for the sales and marketing of the space. The directors of the trading subsidiary company are meeting with them monthly, and the operational staff meet weekly. This will highlight any issues as they occur.

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2019

The IT risks are mitigated by conducting regular reviews of equipment and software. An independent review of the requirements for the College database is planned during the ensuing financial year. 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.

Having moved into our new premises at 6 Alie Street, we have started the commercial activity of running the conference centre through the College's wholly owned subsidiary, RCPATH Trading Limited. The centre is known as Events @ No 6 and we will be continuing to actively market the space to external clients to generate much needed revenue for running the College. Initial business is building up slowly and we are working with our contract caterers to increase the turnover of this start up operation. Additionally, we are marketing for the 5th floor space that we intend to let out to tenants.

We will be developing our programme of conferences and academic meetings that will provide accredited continuing professional development activities and a range of learning opportunities to maintain and increase professional knowledge for pathologists.

We will keep all our curricula and assessment systems under review ensuring that they maintain four-country endorsement and meet professional requirements and regulatory standards. We will continue to develop an electronic infrastructure for examinations and optimise 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 improve the information and support available to members and trainees pursuing research in pathology, and work with other professional organisations to promote research and careers in research. We will continue to award research prizes to trainees and encourage the use of the College's open access publishing gateway by offering bursaries to trainees.

We will be promoting the development and implementation of diagnostic digital pathology and supporting the implementation and education for new services such as genomic medicine, gene editing, molecular testing, liquid biopsy and augmented intelligence.

We will support the development of Medical Examiners in England and Wales by offering training, support and College membership.

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 2019. 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.

The Royal College of Pathologists

Report of the trustees for the year ended 30 June 2019

Plans for future periods (continued)

We will work with influential contacts to showcase the work of the profession to raise awareness and understanding of pathology and its contribution to the prevention, diagnosis and treatment of disease, and develop programmes of learning for patient safety across the College and in collaboration with other organisations.

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. They comprise the 7 honorary officers, the chairs of each of the regional councils for Northern Ireland, Scotland and Wales, and 2 lay trustees. Trustees are elected or appointed 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 two consecutive three-year terms of office.

The honorary officers are elected by the fellowship as a whole from amongst the fellows. The chairs of the regional councils are elected by the fellows in that region from amongst the fellows resident within the particular region. The two lay trustees are appointed following a process which includes advertising these positions in the national press, completion of an application form, shortlisting against the requirements contained in the role description and person specification and a panel interview.

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, Chief Executive, and an independent director appointed by the College's Trustee Board. 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 2019

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:

- Select 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 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, 6 Alie Street, London E1 8QT.

Telephone: 020 7451 6700

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 2019

Reference & administrative details (continued)

Trustees

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

Prof Jo Martin	President
Dr Andy Boon	Treasurer (appointed 15 November 2018)
Dr David Cassidy	Treasurer (demitted office 15 November 2018)
Ms Jill Gauntlett	Lay Trustee (appointed 30 June 2019)
Prof Shelley Heard	Vice President
Prof Peter Johnston	Chair Scotland regional council
Dr Jonathan Kell	Chair Wales regional council (appointed 15 November 2018)
Dr Rachael Liebmann	Vice President
Dr Tim Littlewood	Vice President
Mr Tommy McIlravey	Lay Trustee (demitted office 30 June 2019)
Prof Ken Mills	Chair Northern Ireland regional council
Dr Lance Sandle	Registrar
Mr Robert Smith	Lay Trustee
Ms Avril Wayte	Assistant Registrar (demitted office 15 November 2018)
Dr Esther Youd	Assistant Registrar (from 15 November 2018) & Chair Wales regional council (to 15 November 2018)

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
25 July 2019

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 2019 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 2019 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- The information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The financial statements 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 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.

Begbies
Chartered Accountants
Statutory Auditors

9 Bonhill Street
London
EC2A 4DJ
25 July 2019

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 2019

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Income from:						
Donations & legacies	5	10,982	-	2,923	13,905	4,172
Charitable activities						
Subscriptions		3,387,800	-	-	3,387,800	3,238,655
Postgraduate education & examinations		1,531,481	-	35,260	1,566,741	1,416,216
Digital education project		-	-	410,000	410,000	-
International development		21,287	-	52,419	73,706	29,505
Conferences & academic activities		157,322	20,845	-	178,167	221,457
Professional standards		64,054	-	-	64,054	60,395
Communications & public engagement		4,456	-	-	4,456	5,615
Trading activities		196,411	-	-	196,411	78,771
Investments	4	173,076	-	5,997	179,073	164,342
Other		16,376	-	-	16,376	689
Total income		5,563,245	20,845	506,599	6,090,689	5,219,817
Expenditure on:						
Raising funds						
Trading activities		508,230	-	-	508,230	46,043
Investment management fees		28,826	-	-	28,826	25,557
Charitable activities						
Postgraduate education & examinations		1,885,844	-	29,009	1,914,853	1,575,517
International development		460,120	-	1,467	461,587	436,905
Conferences & academic activities		250,669	32,191	-	282,860	306,015
Research		-	-	2,006	2,006	13,334
Professional standards		326,857	-	-	326,857	311,775
Clinical effectiveness		301,960	7,429	29	309,418	266,759
Workforce		334,125	-	-	334,125	307,002
Communications & public engagement		1,257,137	138,089	5,949	1,401,175	1,227,916
Advisory committees		718,178	2,337	-	720,515	583,149
Total expenditure	8	6,071,946	180,046	38,460	6,290,452	5,099,972
Net income / (expenditure) before net gains on investments		(508,701)	(159,201)	468,139	(199,763)	119,845
Net gains on investments	15	335,851	-	1,760	337,611	315,252
Net income / (expenditure)		(172,850)	(159,201)	469,899	137,848	435,097
Transfers between funds	21	113,313	(77,317)	(35,996)	-	-
Net movement in funds		(59,537)	(236,518)	433,903	137,848	435,097
Reconciliation of funds:						
Total funds brought forward		6,821,049	29,540,478	665,115	37,026,642	36,591,545
Total funds carried forward	21	6,761,512	29,303,960	1,099,018	37,164,490	37,026,642

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 16 to 29 form part of these accounts.

The Royal College of Pathologists
Consolidated and College Balance Sheets as at 30 June 2019

	Note	Consolidated		College	
		2019 £	2018 £	2019 £	2018 £
Fixed Assets:					
Tangible assets	14	40,596,456	32,597,355	40,596,456	32,597,355
Investments	15	5,164,735	5,685,228	5,164,835	5,685,328
Total fixed assets		45,761,191	38,282,583	45,761,291	38,282,683
Current assets:					
Stocks	16	13,733	14,132	13,733	14,132
Debtors	17	684,276	920,413	851,992	976,957
Cash at bank and in hand		6,517,396	5,528,711	6,484,751	5,460,204
Total current assets		7,215,405	6,463,256	7,350,476	6,451,293
Liabilities:					
Creditors: Amounts falling due within one year	18	(4,346,380)	(4,298,018)	(4,215,488)	(4,286,155)
Provisions for liabilities	20	-	(100,000)	-	(100,000)
Net current assets		2,869,025	2,065,238	3,134,988	2,065,138
Total assets less current liabilities		48,630,216	40,347,821	48,896,279	40,347,821
Creditors: Amounts falling due after more than one year	18	(11,465,726)	(3,321,179)	(11,465,726)	(3,321,179)
Total net assets		37,164,490	37,026,642	37,430,553	37,026,642
The funds of the College:					
Unrestricted funds - general funds	23	6,761,512	6,821,049	7,027,575	6,821,049
Unrestricted funds - designated funds	23	29,303,960	29,540,478	29,303,960	29,540,478
Restricted funds	23	1,099,018	665,115	1,099,018	665,115
Total College funds		37,164,490	37,026,642	37,430,553	37,026,642

The notes on pages 16 to 29 form part of these accounts.

The financial statements were approved by the Trustee Board on 25th July 2019 and signed on behalf of the Trustee Board by



Professor Jo Martin
President



Dr Andrew Boon
Treasurer

The Royal College of Pathologists
Consolidated statement of cash flows for the year ended 30 June 2019

	2019 £	2018 £
Cash flows from operating activities:		
Net cash provided by / (used in) operating activities (note 1 below)	8,339,741	4,234,751
Cash flows from investing activities:		
Dividends and interest received	179,072	164,342
Purchase of property, plant and equipment	(8,388,235)	(10,701,160)
Proceeds from the sale of investments	2,599,060	611,943
Purchase of investments	(1,740,956)	(596,754)
Net cash provided by / (used in) investing activities	(7,351,059)	(10,521,629)
Change in cash and cash equivalents in the year	988,685	(6,286,877)
Cash and cash equivalents at the beginning of the year	5,528,711	11,815,588
Cash and cash equivalents at the end of the year (note 2 below)	6,517,396	5,528,711

Notes to the statement of cash flows

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

	2019 £	2018 £
Net income/(expenditure) for the year (as per the statement of financial activities)	(199,763)	119,845
Adjustments for:		
Depreciation charges	389,133	160,453
Dividends and interest	(179,072)	(164,342)
(Increase)/decrease in stocks	398	1,162
(Increase)/decrease in debtors	236,137	(406,166)
Increase/(decrease) in creditors	8,092,908	4,523,799
Net cash provided by / (used in) operating activities	8,339,741	4,234,751

2. Analysis of cash and cash equivalents

	2019 £	2018 £	Change in year £
Total cash and cash equivalents	6,517,396	5,528,711	988,685

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

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 2019

(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 buildings	over 50 years
Leasehold properties (lease term remaining greater than 100 years)	nil
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. From the date of occupation of the premises in November 2019 interest has been charged to the Statement of Financial Activities.

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.

Unrestricted 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 2019

(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, and operates a commercial conference centre called Events@No6 at the College's Alie Street premises. The latter operation commenced in January 2019 and is currently in a planned loss making start-up situation. It will donate future taxable profits to the College under gift aid. Trading results extracted from its audited accounts are as follows:

	2019	2018
	£	£
Profit & Loss account		
Turnover	249,908	78,771
Cost of sales and administrative expenses	515,971	47,331
Net profit	(266,063)	31,440
Payable under gift aid to The Royal College of Pathologists	-	31,440
(Loss) / Profit retained in RCPATH Trading Limited	(266,063)	Nil
Balance sheet		
	2019	2018
	£	£
Debtors	132,901	629
Cash at bank	32,645	68,507
	165,546	69,136
Creditors: amounts falling due within one year	(130,891)	(69,036)
Net current assets	34,655	100
Creditors: amounts falling due after more than one year	(300,618)	-
Net assets / (liabilities)	(265,963)	100
Share capital	100	100
Profit and loss account	(266,063)	-
Capital and reserves at 30 June	(265,963)	100

The College has agreed a formal loan to financially support its trading subsidiary company's losses during the start-up phase of its conference centre operations. The loan is for a period of up to 10 years.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

3. Detailed comparatives for the statement of financial activities in 2018

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

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

4. Income from investments	Unrestricted Funds £	Restricted Funds £	2019 £	2018 £
Bank deposit interest	31,369	1,014	32,383	33,853
Income from UK listed investments	88,467	4,983	93,450	96,649
Income from overseas listed investments	27,702	-	27,702	33,840
Income from investment properties	25,538	-	25,538	-
	<u>173,076</u>	<u>5,997</u>	<u>179,073</u>	<u>164,342</u>

5. Donations & Legacies	2019 £	2018 £
Legacies	2,000	-
College members	7,596	1,851
Other donations	4,309	2,321
	<u>13,905</u>	<u>4,172</u>

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

	2019 £	2018 £
The total cost of salaries and wages were		
Salaries and wages	2,511,052	2,296,540
Redundancy and termination payments	2,545	3,000
Social security costs	258,009	235,771
Pension contributions	335,411	283,977
	<u>3,107,017</u>	<u>2,819,288</u>

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

	2019 No.	2018 No.
£60,001 - £70,000	-	2
£70,001 - £80,000	4	2
£120,001 - £130,000	1	1

Contributions were made to a defined benefit pension scheme amounting to £67,880 (2018 - £64,757) 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 £424,247 (2018 - £404,732).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2018 - £Nil). No charity trustee received payment for professional or other services supplied to the charity (2018 - £Nil).

Travel, subsistence and accommodation costs incurred amounting to £40,379 (2018 - £57,486) were reimbursed to 12 (2018 - 13) members of the Trustee Board.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

7. Staff numbers

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

	2019 No.	2018 No.
Postgraduate education & examinations	19.8	18.9
Conferences & academic activities	2.8	2.3
Professional standards	4.6	4.4
Clinical effectiveness	3.9	4.3
Advisory committees	6.0	7.2
Communications & public relations	13.1	13.1
Workforce	4.3	4.5
Education centre	2.2	-
International development	5.8	6.7
	62.5	61.4
	56.9	56.4

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

8. Total expenditure	Direct Costs £	Staff Costs £	Support Costs £	Total 2019 £	Total 2018 £
Trading activities	270,816	105,403	132,011	508,230	46,043
Investment management fee	28,826	-	-	28,826	25,557
Postgraduate education & examinations	453,061	940,058	521,734	1,914,853	1,575,517
International development	68,995	270,756	121,836	461,587	436,905
Conferences & academic activities	62,225	166,490	54,145	282,860	306,015
Research	2,006	-	-	2,006	13,334
Professional standards	15,134	201,872	109,851	326,857	311,775
Clinical Effectiveness	23,850	214,845	70,723	309,418	266,759
Workforce	10,491	223,915	99,719	334,125	307,002
Communications & public engagement	477,637	658,011	265,527	1,401,175	1,227,916
Advisory committees	98,059	325,667	296,789	720,515	583,149
Total for the year ended 30 June 2019	1,511,100	3,107,017	1,672,335	6,290,452	5,099,972
Total for the year ended 30 June 2018	1,233,385	2,819,288	1,047,299	5,099,972	

Governance costs are contained within support costs and are not shown separately. They comprise the expenditure in relation to the trustee board of £15,564 (2018 - £33,566) and the auditors remuneration as detailed in note 9 below.

9. Net incoming resources for the year

	2019 £	2018 £
This is stated after charging:		
Depreciation	389,133	160,453
Operating lease rentals - land and buildings	130,982	247,758
Auditor's remuneration - external audit	10,290	8,819
Auditor's remuneration - payroll bureau services	5,431	4,825
Trustee liability indemnity insurance	1,094	1,065
	726,930	663,919
	726,930	663,919

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

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:

		2019	2018
		£	£
Dr Rachael Liebmann	Trustee	-	2,100
Prof Peter Furness	Former trustee	-	10,150
Prof Tim Helliwell	Former trustee	700	-

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 2019

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	89,824	41,680	24,758	365,472	521,734
International development	31,448	14,592	8,668	67,128	121,836
Conferences & academic activities	8,474	3,932	2,336	39,403	54,145
Professional standards	26,552	12,320	7,319	63,660	109,851
Clinical effectiveness	17,513	8,126	4,827	40,257	70,723
Workforce	24,292	11,272	6,696	57,459	99,719
Communications & public engagement	68,168	31,631	18,789	146,939	265,527
Trading activities	9,886	4,587	2,345	115,193	132,011
Advisory committees	35,967	16,689	8,532	235,601	296,789
Total support costs					1,672,335

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	644,672	115,949	95,839	49,730	33,868	940,058
International development	182,701	34,287	28,710	14,910	10,148	270,756
Conferences & academic activities	124,040	17,396	13,368	6,678	5,008	166,490
Professional standards	128,743	27,791	24,180	12,589	8,569	201,872
Clinical effectiveness	162,890	21,868	16,132	8,303	5,652	214,845
Workforce	155,223	27,125	22,210	11,517	7,840	223,915
Communications & public engagement	463,897	77,402	62,393	32,320	21,999	658,011
Trading activities	73,850	12,898	10,162	6,093	2,400	105,403
Advisory committees	224,228	39,907	32,872	17,053	11,607	325,667
Total salary costs						3,107,017

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 2019

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 2018	16,885,047	14,939,848	734,855	310,637	540,465	173,768	33,584,620
Additions	6,985,204	-	-	-	679,431	723,599	8,388,234
Reclassification	(23,870,251)	23,870,251	-	-	-	-	-
Disposals	-	-	-	(310,637)	-	(7,060)	(317,697)
At 30 June 2019	-	38,810,099	734,855	-	1,219,896	890,307	41,655,157
Depreciation							
At 1 July 2018	-	-	-	310,637	520,515	156,113	987,265
Provided in year	-	87,365	-	-	147,001	154,767	389,133
Disposals	-	-	-	(310,637)	-	(7,060)	(317,697)
At 30 June 2019	-	87,365	-	-	667,516	303,820	1,058,701
Net book value at 30 June 2019	-	38,722,734	734,855	-	552,380	586,487	40,596,456
Net book value at 30 June 2018	16,885,047	14,939,848	734,855	-	19,950	17,655	32,597,355

The investment property is valued at cost, which, in the opinion of the Trustees, is the fair value at 30 June 2019.

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	
	2019 £	2018 £	2019 £	2018 £
Market value at 1 July 2018	5,685,228	5,385,166	5,685,328	5,385,266
Additions at cost	1,740,956	596,753	1,740,956	927,102
Disposals at market value	(2,599,060)	(611,943)	(2,599,060)	(927,902)
Net gain on revaluation	337,611	315,252	337,611	300,862
Market value at 30 June 2019	5,164,735	5,685,228	5,164,835	5,685,328
Historical cost at 30 June 2019	3,437,262	4,153,406	3,437,362	4,051,812
Investments at market value comprised:				
UK listed fixed interest securities	124,154	121,114	124,154	121,114
UK listed equity shares	1,130,454	1,430,994	1,130,454	1,430,994
UK listed investment trusts and unit trusts	1,222,022	1,539,258	1,222,022	1,539,258
Overseas listed fixed interest securities	100,650	202,766	100,650	202,766
Overseas listed investment trusts and unit trusts	2,555,610	2,144,604	2,555,610	2,144,604
Cash held by investment manager awaiting reinvestment	31,845	246,492	31,845	246,492
Unlisted investments	-	-	100	100
Market value as at 30 June 2019	5,164,735	5,685,228	5,164,835	5,685,328

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

15. Investments (continued)

Unlisted investments at cost comprise:	2019	2018
	£	£
RCPATH Trading Limited - 100 ordinary shares of £1 each	100	100
	100	100
	100	100

The College owns 100% of the ordinary share capital of RCPATH Trading Limited, company number 4535296, which has been consolidated as a subsidiary undertaking throughout. The registered address of the company is 6 Alie Street, London E1 8QT.

16. Stocks

Consolidated and College	2019	2018
	£	£
Memorabilia for resale	11,949	12,348
Wines	1,784	1,784
	13,733	14,132
	13,733	14,132

17. Debtors

	Consolidated		College	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	182,646	14,947	59,330	14,318
Prepayments and accrued income	88,475	259,708	88,475	259,708
Other debtors	380,034	251,095	370,448	251,095
VAT recoverable	33,121	394,663	33,121	394,663
Amounts due from subsidiary undertaking	-	-	300,618	57,173
	684,276	920,413	851,992	976,957
	684,276	920,413	851,992	976,957

The amount due from the subsidiary undertaking of £300,618 is due after more than one year.

18. Creditors

	Consolidated		College	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year				
Deferred income (note 19)	2,286,976	2,150,778	2,225,506	2,150,778
Trade Creditors	883,513	1,619,269	818,163	1,614,269
Bank loan	361,744	248,345	361,744	248,345
Other creditors	139,853	59,359	139,853	59,359
Taxation and social security	62,170	59,636	62,170	59,636
Accruals	612,124	160,631	608,052	153,768
	4,346,380	4,298,018	4,215,488	4,286,155
	4,346,380	4,298,018	4,215,488	4,286,155

Amounts falling due after more than one year	2019	2018
Consolidated and College	£	£
Bank loan - amount due between 2 and 5 years	1,531,102	1,561,600
Bank loan - amount due after 5 years	9,934,624	1,759,579
	11,465,726	3,321,179
	11,465,726	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 Alie Street and was drawn down in monthly tranches as the construction of the College's new headquarters on the site progressed. It will be converted into a commercial mortgage in the Autumn of 2019, with the total loan amount of £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 2019

19. Deferred income

	Consolidated		College	
	2019 £	2018 £	2019 £	2018 £
Balance at 1 July 2018	2,150,778	2,056,524	2,150,778	2,056,524
Amount released to incoming resources	(2,150,778)	(2,056,524)	(2,150,778)	(2,056,524)
Amount deferred in the year	2,286,976	2,150,778	2,225,506	2,150,778
Balance as at 30 June 2019	2,286,976	2,150,778	2,225,506	2,150,778

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	2019 £	2018 £
Amount of commitments at 1 July 2018	100,000	100,000
Commitments released to the SOFA during the year	(100,000)	-
Amount of commitments at 30 June 2019	-	100,000
Timing of commitments		
Commitments payable within one year	-	100,000
Amount of commitments at 30 June 2019	-	100,000

The above liability related to the dilapidations clause in the College's lease of its short term premises which required 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. Movements in Funds
(Current period)

	Balance at 1 July 2018 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance at 30 June 2019 £
Restricted funds						
Research Pool Fund	31,238	236	(2,006)	-	-	29,468
Oliver Memorial Fund	147,974	2,374	(2,281)	(15,000)	(2,527)	130,540
Bhagwan Singh Fund	46,571	501	-	-	8,150	55,222
Flynn Lecture Fund	106,407	582	(2,636)	-	(415)	103,938
Kohn Memorial Fund	40,568	1,092	-	-	(2,188)	39,472
Developmental Pathology Fund	23,082	627	-	-	(1,260)	22,449
Medical Examiner Training Fund	97,886	21,331	(17,954)	(20,897)	-	80,366
Quality in Pathology Fund	1,676	10	(30)	-	-	1,656
E-learning Project Fund	130,000	-	-	(80,000)	-	50,000
Lab Skills Africa Fund	3,514	-	-	(3,514)	-	-
International Challenge Events Fund	23,101	2,419	(1,467)	3,514	-	27,567
Public Engagement Fund	2,931	-	-	-	-	2,931
Furness Prize Fund	751	4	-	-	-	755
Neera Patel Memorial Fund	881	-	(782)	(99)	-	-
Summer School Fund	8,535	14,500	(11,054)	-	-	11,981
William Tong Memorial Fund	-	2,923	(250)	-	-	2,673
Digital Now Fund	-	410,000	-	80,000	-	490,000
MTI Fund	-	50,000	-	-	-	50,000
	665,115	506,599	(38,460)	(35,996)	1,760	1,099,018
Unrestricted Funds						
Designated Property Fund	29,149,272	-	-	-	-	29,149,272
Designated Cancer Reporting Fund	62,117	-	(7,429)	-	-	54,688
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	20,845	(34,528)	(12,317)	-	-
General unrestricted fund	6,821,049	5,563,245	(6,071,946)	113,313	335,851	6,761,512
Total Funds	37,026,642	6,090,689	(6,290,452)	-	337,611	37,164,490

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

21. Movements in Funds (Prior period)	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)	-	-
	680,077	9,185	(39,344)	(19,800)	34,997	665,115
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	36,591,545	5,219,817	(5,099,972)	-	315,252	37,026,642

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 and face to face training for medical examiners of the cause of death.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

22. Restricted and designated funds (continued)

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. It has been agreed by the funder to transfer £80,000 from this fund to the Digital Now Fund.

Labskills Africa was 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 was funded by the Tropical Health & Education Trust. The balance of the fund was transferred to the International Challenge Events Fund.

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 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 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 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, whose aims are 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 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 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.

The designated meetings fund was established to hold the College's share of the costs of running various scientific and international meetings that the College hosted in the second half of 2018.

The William Tong Memorial Fund was established by way of donations from the family and friends of the late William Tong to provide an annual prize to a trainee in virology on the basis of a piece of work submitted as a poster.

The Digital Now Fund was established by grant in aid from Health Education England to develop and implement a competence based model of learning support on a digital platform for pathology which would include digitisation of examinations.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2019

22. Restricted and designated funds (continued)

The MTI Fund was established by grant in aid from the West London Cancer Alliance to deliver training opportunities across London for international medical graduates in histopathology as part of the medical training initiative.

23. Analysis of group net assets between funds (Current year) - Consolidated

	Tangible fixed assets £	Investments £	Net current assets £	Long term liabilities £	Total £
General unrestricted	1,873,722	4,832,543	1,947,510	(1,892,263)	6,761,512
Designated	38,722,734	-	154,689	(9,573,463)	29,303,960
Restricted	-	332,192	766,826	-	1,099,018
Net assets as at 30 June 2019	40,596,456	5,164,735	2,869,025	(11,465,726)	37,164,490

23. Analysis of group net assets between funds (Current year) - College

	Tangible fixed assets £	Investments £	Net current assets £	Long term liabilities £	Total £
General unrestricted	1,872,722	4,832,643	2,214,473	(1,892,263)	7,027,575
Designated	38,722,734	-	154,689	(9,573,463)	29,303,960
Restricted	-	332,192	766,826	-	1,099,018
Net assets as at 30 June 2019	40,595,456	5,164,835	3,135,988	(11,465,726)	37,430,553

23. Analysis of group net assets between funds (Prior year) - Consolidated & College

	Tangible fixed assets £	Investments £	Net current assets £	Long term liabilities £	Total £
General unrestricted	772,460	4,691,393	1,357,196	-	6,821,049
Designated	31,824,895	645,553	391,209	(3,321,179)	29,540,478
Restricted	-	348,282	316,833	-	665,115
Net assets as at 30 June 2018	32,597,355	5,685,228	2,065,238	(3,321,179)	37,026,642

24. Operating lease commitments

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

	2019 £	2018 £
Leases which expire in under 1 year - land and buildings	-	130,786
Total lease commitments at 30 June 2019	-	130,786

25. Presentational currency

The presentational currency is Sterling.