



Royal College
of Physicians

Supporting doctors to improve care

Annual report 2016





Royal College
of Physicians

Supporting doctors to improve care

Annual report 2016



About the RCP

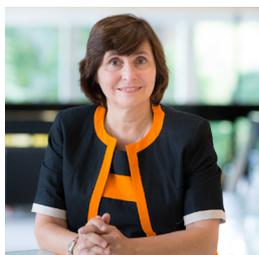
The Royal College of Physicians (RCP) is a professional membership body for physicians, with over 33,000 members and fellows around the globe working in hospitals and communities across 30 medical specialties. Physicians diagnose and treat illness, and promote good health. They care for millions of medical patients with a broad range of conditions, from asthma and diabetes to stroke and yellow fever.

Our vision is the best possible health and healthcare for everyone. Everything that we do at the RCP aims to improve patient care and reduce illness. Our work is patient centred and clinically led. We drive improvement in the diagnosis of disease, the care of individual patients and the health of the whole population, both in the UK and across the globe. We also work to ensure that physicians are educated and trained to provide high-quality care.

Contents

| | |
|---|----|
| > Foreword from the president | 4 |
| > Report of trustees | 5 |
| > Improving care for patients | 6 |
| > Developing physicians throughout their careers | 8 |
| > Leading and supporting our members | 10 |
| > Shaping the future of health and healthcare | 12 |
| > Investing in our future, building on our heritage | 14 |
| > Our plans for 2017 | 16 |
| > RCP boards, committees and lists | 18 |
| > Financial powers and policies | 22 |
| > Structure, governance and management | 24 |
| > Statement of trustees' responsibilities | 26 |
| > Treasurer's annual report | 29 |
| > Independent auditor's report to the trustees of the RCP | 31 |
| > Summary of income and expenditure 2016 | 32 |
| > Consolidated statement of financial activities | 33 |
| > Consolidated and RCP balance sheets | 34 |
| > Consolidated statement of cash flow | 35 |
| > Notes to the consolidated statement of cash flow | 36 |
| > Notes to the financial statements | 37 |

Foreword



Jane Dacre
President

Our NHS is fantastic and the envy of the world, but we know it is becoming increasingly difficult to deliver the high standard of care that our patients deserve. In the past year, we have highlighted that, as a society, there are some big decisions that we and politicians have to make in order to build a health and social care system that is fit for the UK in the 21st century.

With regular reports of underfunding, gaps in rotas and staff working many more hours than they are contracted for, we are vitally placed as a membership organisation to reflect and amplify the voice of our profession. We will continue to build on a year in which we have supported our junior doctor colleagues during a string of strikes, highlighted that our NHS is underfunded, underdoctored and overstretched, and advanced the issue of air quality with the medical community.

Politically, Brexit dominated the headlines in 2016 and it is not yet clear what impact it will have on our health services. But at the RCP, we have a strong tradition of taking a European and global outlook – which we will be sure to continue. We value our colleagues from the EU and beyond enormously, and know that the NHS could not function without them.

Against this challenging backdrop, it is perhaps more vital than ever that we remind ourselves of why we became doctors, and demonstrate our professionalism. The RCP aims to provide leadership to our amazing profession and champion examples of good practice. This year's annual report shows that, despite it being a testing year at times, we have much that is positive to report on.

We are extremely pleased that more physicians than ever are engaging with the RCP as our membership continued to grow to almost 33,500 in 2016. Our Future Hospital Programme recruited four new development sites this year, taking our total to eight exemplar projects demonstrating substantial improvement in patient care. Medicine 2016, our second annual conference, took place in Harrogate in March and was a resounding success, with over 460 delegates attending.

Our work to promote high-quality medical education internationally went from strength to strength this year, and included training programmes in Myanmar, India, and a number of African nations. I am pleased to say that negotiations for the replacement of the Federation memorandum of understanding with the Scottish colleges are now moving forward positively.

Finally, we were delighted to announce a major development to create RCP North, a new centre for clinical excellence in Liverpool. This is a really exciting project, and will provide first-class facilities for fellows and members in the north of England. We are making fantastic progress with our plans and hope to have the first phase up and running by the summer of 2017.

We now look forward to developments this year, and will be busy preparing to celebrate 500 years of the RCP in 2018.

Report of trustees

The trustees of the Royal College of Physicians (RCP) are pleased to present their report for the year ended 31 December 2016.

Public benefit

The RCP was established by royal charter in 1518. Uniquely for the time, through the charter the king established the RCP in perpetuity as a professional body in the name of the public benefit. He empowered it to set standards by regulating medical practice to protect the public.

The RCP provides public benefit in a variety of ways. Our activities fall within several of the legal requirements of 'charitable purpose', including: the advancement of health or the saving of lives; the advancement of education; and the advancement of the arts, culture, heritage or science.

We support our members and fellows during every stage of their career and, as a result, improve the quality of patient care. By setting and monitoring the standards of medical training, we ensure that patients are treated by fully trained, competent doctors. Our senior physicians sit on appointments committees to ensure that new consultants are of a high calibre.

Our evidence-based guidelines and audits support healthcare professionals in improving clinical care. Our education programmes provide physicians with the knowledge and skills that they need for high performance. We also take a wide role in the public health arena through campaigning for change, advising government, and taking part in national debates on medical, clinical and public health issues.

We safeguard and share our unique history to inspire and inform present and future physicians, and preserve medical history for the benefit of the public.

Our activities and achievements in 2016

Our 5-year strategy covers the period 2015–2020 and is set out under five key areas:

- > **1 Improving care for patients**
- > **2 Developing physicians throughout their careers**
- > **3 Leading and supporting our members**
- > **4 Shaping the future of health and healthcare**
- > **5 Investing in our future, building on our heritage**

This annual report is based on these areas and presents our activities, significant achievements and successes in 2016 against our plans, as well as outlining our strategy for the future.

1 Improving care for patients

We want patients to receive the best possible care. We work directly with physicians, clinical teams, hospitals and policymakers to design person-centred services, and involve patients and carers to help shape best practice.

In 2016, we planned to:

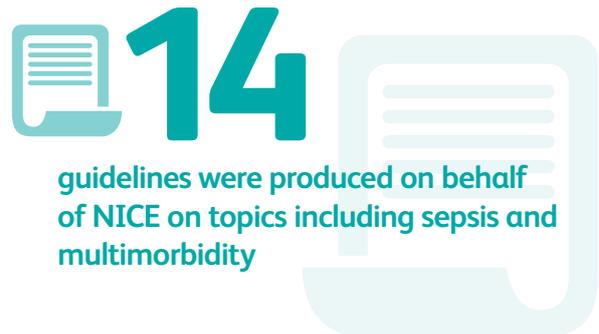
- > support physicians and multidisciplinary teams to lead quality and service improvement
- > set, measure and promote standards that improve care for patients
- > implement our vision of the future hospital and promote good practice in health service design
- > develop health services that promote patient safety, patient experience, staff wellbeing and service improvement.

Here are some highlights of what we achieved in 2016 against these goals.

Supporting service improvement

Over 7,500 physicians and their teams worked on our national audits, databases, quality improvement, accreditation and patient safety programmes, including those in every trust in England and many hospitals in Wales, Scotland and Northern Ireland.

Our Future Hospital Programme (FHP) won the LaingBuisson award for Innovation in Care in November 2016 – recognising the first-rate work of the FHP in supporting healthcare improvements across England and Wales. We recruited four more Future Hospital development sites, taking our total to eight, two of which received awards in 2016.



Setting standards

The National Guideline Centre develops evidence-based guidelines on behalf of NICE to improve the quality of patient care. We published 14 guidelines in 2016 on a wide variety of topics, including acute chest pain, sepsis and multimorbidity.

Data from our clinical audits in many disease areas, including stroke, lung cancer, falls and fragility fractures, COPD, inflammatory bowel disease and end-of-life care, were used to benchmark services, improve practice and inform policy.

We improved care by:

- > publishing the fifth edition of the RCP's *National clinical guideline* for stroke
- > developing national information standards for electronic transfers of care
- > mapping new endoscopy (JAG) accreditation scheme standards to the CQC key lines of enquiry
- > awarding accreditation to the first occupational health physiotherapy service
- > preparing a report with Health Education England recommending simulation in core medical training to improve patient safety.

The Joint Royal Colleges of Physicians Training Board (JRCPTB) annual specialty report to the General Medical Council (GMC) highlighted concerns and identified good practice.



Two Future Hospital development sites received awards in 2016

Our vision of the future hospital

We launched the Future Hospital Partners Network, a community of over 300 people championing the Future Hospital model.

Patient care: a unified approach, a joint report with the Royal College of General Practitioners, examined integration between primary and secondary care.

The *Tell us your story initiative*, an online collection of service improvement case studies from healthcare professionals, published 35 case studies and its most popular story achieved over 900 page views.

The FHP collaborated with the Royal Academy of Engineers to explore a 'systems engineering approach' to the redesign of healthcare systems.



More than 1,400
clinical service providers participated
in our accreditation schemes

Developing health services

Our work resulted in improvements in outcomes for patients, including reduced mortality in hip fracture, improved processes and outcomes of care in stroke, and improved survival in lung cancer.

The number of clinical services participating in our accreditation schemes grew to more than 1,400 in 2016. Accreditation schemes provide quality assurance to patients and commissioners.

We delivered new resources to improve services for patients, including:

- > a programme of patient safety seminars
- > the Medical Care online resource, setting out how to plan services across 28 medical specialties
- > guidance on sustainability and transformation plans (STPs) for RCP members to support them in influencing local decision-making
- > planning surveys for 2017 on wellbeing, 7-day services and rota gaps.



Patients guiding improvement

The RCP Patient Carer Network (PCN) is made up of patients and carers from across the UK, supporting the RCP's aim to place patient and carer views at the centre of our work. The PCN contributes to a variety of projects and workstreams as well as holding regular workshops to discuss key issues. One example of effective PCN involvement is the Future Hospital Programme.

The Future Hospital Programme (FHP) collaborates with Future Hospital development site teams – multidisciplinary groups from trusts in England and Wales striving to improve care for patients in a range of clinical settings. In 2016, we recruited a further four sites, taking our total to eight. Patients and carers contribute significantly to these projects to ensure that they deliver truly person-centred care.

The sites became part of the FHP through a competitive interview process, and local patient representatives were required to be included from the beginning. The selection panel were looking for teams that showed a clear vision of how patients could continue their involvement in improvement in a meaningful way. Once selected, patients were paired with an RCP PCN representative. This supportive partnership allows the patient voice to be magnified at team meetings. Patients also contribute to formal progress reports, further emphasising the equal role of clinicians and patients.

2 Developing physicians throughout their careers

Our education and training programmes support physicians to fulfil their potential. We develop doctors to deliver the best possible patient care and become excellent clinicians.

In 2016, we planned to:

- > shape the future of the medical workforce in the UK
- > promote high-quality medical education and clinical leadership across the world
- > promote lifelong learning for physicians, and accessible opportunities for development
- > support physicians throughout their careers
- > promote medicine as a career.

Here are our key activities and achievements in 2016.

Shaping the medical workforce

We developed a new internal medicine curriculum and assessment model for training future physicians, reflecting the key professional activities of NHS physicians, including tackling rota gaps and supporting trainees. We held national meetings with key stakeholders such as the GMC and BMA on a range of topics including equality and diversity.

To support current trainee doctors, we:

- > continued to develop quality criteria for general internal medicine (GIM) registrars by setting up a steering group with representation from key medical organisations. Our second survey of training programme directors and college tutors responsible for implementing the 2015 CMT quality criteria showed marked improvement in areas such as agreeing a plan for MRCP(UK) training, and trainee attendance at outpatient clinics
- > carried out research and held an evening event for trainee members, leading to the publication of our *Being a junior doctor* report, which recommended solutions to the pressures facing trainees
- > are actively supporting the creation of a new faculty and a digital academy for clinicians to develop specialised skills in health informatics
- > launched *Physicians on the front line* in Wales, and took a leadership role in the Wales review on workforce.

We supported trusts with recruitment and training of 21 chief registrars to develop into leadership roles



High-quality education across the world

We delivered a range of educational and leadership programmes in Iceland, Switzerland, Malaysia, Singapore and the USA. MRCP(UK) worked with the Singapore Ministry of Health on the possible development and delivery of bespoke knowledge-based assessments, in partnership with UK specialist societies. We progressed new European examination partnerships in renal medicine, and diabetes and endocrinology. Our PACES training courses in Myanmar and India increased opportunities in low-resource and complex settings.

The core medical training (CMT) programme in Iceland was successfully accredited on behalf of the Federation of Royal Colleges of Physicians of the UK, and a new CMT programme was established in partnership with MRCP(UK) at Aster MedCity Hospital in Kerala, India.

In West Africa, we continued the 3-year M-PACT infectious diseases training programme, developing workforce skill sets to address the burden of HIV, TB and malaria in partnership with the West African College of Physicians. We implemented the 4-year East African Development Bank-funded Medical Education Training and Fellowship Programme in Rwanda, Tanzania, Kenya and Uganda, training 78 doctors in oncology and cardiology.

Over 500

physicians from 11 West African nations benefited from our courses



Promoting lifelong learning

We delivered MRCP(UK) examinations to over 26,500 candidates across the world to ensure that they become safe and skilled doctors. Our new Facebook page for MRCP(UK) gained over 5,000 followers.

New online products this year included live-streamed events that are also available in the RCP archive, a Medical Masterclass app so that subscribers taking the MRCP(UK) exam can practise questions on a smartphone, and two new CPD-accredited e-learning modules.

17,000 physicians now use the CPD diary, enhanced this year with links to Good Medical Practice domains. A CPD app is in development, and more than 5,000 educational activities were reviewed and CPD approved. A revalidation patient feedback literature review and report with recommendations for the Academy of Medical Royal Colleges was completed.

More than 300 overseas trainees are now in the UK on RCP-arranged placements as part of the Medical Training Initiative (MTI). In June, the RCP and the Liverpool School of Tropical Medicine launched the Diploma in UK Medical Practice for MTI participants.



Supporting physicians throughout their careers

We ran 45 successful conference events in 2016, including our annual conference Medicine 2016, 21 regional conferences, our Christmas lecture, nine teach-ins and various lectures. All contributed towards CPD for doctors.

Our educational workshops are designed to support doctors by improving their teaching skills and the support that they provide to colleagues in their day-to-day work. In 2016, we delivered:

- > 56 CPD-approved educational events for 1,408 doctors of all grades and specialties, covering supervision, leadership, assessment, teaching, communication, appraisal and simulation

- > the popular MSc in Medical Leadership with Birkbeck, University of London, and the Medical Education MSc with University College London
- > our postgraduate certificate modules in Medical Leadership with Edge Hill University.

We also launched advice for trusts on valuing trainees, and developed a new programme of resources aimed at improving junior doctors' working environments, for delivery in 2017.

Promoting medicine as a career

Our RCP Medical Careers Day offered expert advice to students and trainees, and we attended 35 careers fairs to promote medicine as a career choice.

We continued developing a scheme for RCP members who wish to mentor junior colleagues, designing and delivering training to 45 members and receiving extremely positive feedback.

We promoted physician associates to the wider public, and educated employers about this new profession.

Developing physicians

Our second annual conference, Medicine 2016, took place in Harrogate on 15–16 March 2016 and was attended by 460 people. Delegates attended lively lectures, debates, workshops and clinical sessions.

Medicine 2016 explored the latest cutting-edge medical research and innovation, and covered diverse topics such as 7-day working, quality improvement, reducing waste in the NHS, and medical professionalism. Keynote addresses came from Professor Sir Michael Marmot and Professor Don Berwick, and a plenary session on the question of intent was held by Sir Bruce Keogh.

The conference was also an opportunity for attendees to take time out to remind themselves of why they became doctors, to refresh their enthusiasm and make new connections with colleagues. Feedback was extremely positive: one delegate said that the conference was, 'balanced, informative and incredibly entertaining – I have lots to take back to my clinical practice'.

3 Leading and supporting our members

We lead the profession by supporting and inspiring our members to meet the challenges of practising medicine today. Our members are our greatest asset – we listen to, support and learn from them.

In 2016, we planned to:

- > lead the medical profession and champion medical professionalism
- > increase our reach and relevance to all our members
- > support our members in their daily practice
- > deliver an exceptional membership experience for all
- > increase our understanding of the context in which our members work in the UK and around the world.

Here are the highlights of how we led and supported our members in 2016.

Leading the profession

We held our first Excellence in Patient Care Awards to recognise the work that physicians do to improve patient-centred care. Out of 184 entries, four winners were awarded a plaque and £1,000.

Our new Faculty of Physician Associates, set up in 2015, delivered the first national examination for 56 qualifying physician associates, and hosted the first national CPD conference.

Specialist advisory committees (SACs) – subcommittees of the JRCPTB that lead the process of curriculum improvement – actively contributed to the development of the new internal medicine curriculum by attending development days, reviewing their Competencies in Practice (CiP) and engaging in specialty-specific discussions with the JRCPTB medical director.

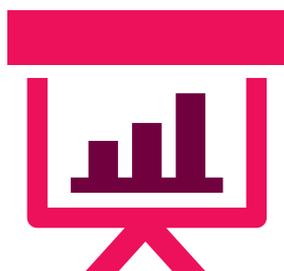
Increasing our reach and relevance

More physicians than ever are engaging with the RCP. In 2016, we increased the number of members and fellows to 33,433. Four new regional staff posts expanded the support available to members in the Mersey and North West, Yorkshire, South West and Eastern regions.

The East, Central and Southern Africa College of Physicians (ECSACOP) – which had its inaugural general meeting in 2016 – aims to increase the number of highly trained physicians in this region. We expanded our membership in Africa through our collaborations with ECSACOP and the West African College of Physicians.

To support trainee doctors, we:

- > increased our support for college tutor roles, and reinstated the Linacre fellow officer post
- > hosted two conferences to provide training, sharing of best practice and networking opportunities
- > held an ‘evening with officers’ event at the height of the junior doctor contract dispute, which helped to engage our trainee members and give them a voice
- > recruited four clinical fellows through the Faculty of Medical Leadership and Management (FMLM) leadership scheme to carry out work in diverse areas of healthcare, including women in medicine, sustainability and future hospital
- > increased our efforts to engage and secure input from the RCP Trainees Committee as part of the development of the GIM quality criteria. We mapped trainees’ priorities against those of a consultant-led working group so that differences in focus could be more easily understood.



Our membership grew by 1,500 in 2016 to almost 33,500

Supporting our members

Clinical guidance and data from our improvement work helped clinicians to understand the quality of their services and identify areas for improvement. To promote clinical excellence, we supported candidates for the 2016 national Clinical Excellence Awards scheme.

Our *Keeping medicine brilliant* report, containing a series of practical recommendations to improve doctor morale based on existing evidence, surveys and workshops, was launched.

We delivered 11 invited service reviews in 2016. This activity has increased year on year, and assists health services to deliver service improvement and promote patient safety.

We continued to develop the ePortfolio – a web-based tool that enables trainees to log evidence of their experience, competencies and courses for their entire medical training period. We implemented a number of new developments, and feedback from our members confirmed that the user experience has improved.

The JRCPTB trainee enrolment process was reviewed, communications to members improved and a simplified payment model introduced.

Delivering an exceptional membership experience

The Student and Foundation Doctor Network was launched in 2016. It provides members at these career stages with an opportunity to help shape our policy, services and activities.

We began a collaboration with the American College of Physicians to enable our members and fellows to access an international network of like-minded peers.

We continued to provide members and fellows with subscriptions to our peer-reviewed journals, *Clinical Medicine* and *Future Hospital Journal (FHJ)*, as well as our membership magazine, *Commentary*. Special issues of *FHJ* focused on generalism, patient-centred care and quality improvement, and average monthly download rates more than tripled over the year, while feedback on *Clinical Medicine*, now in its 50th year, shows that it is highly valued by members as an educational and professional resource.

20,000
physicians are covered
by the 2016 census

Visits to our new website increased by 14% from 2015, with over 3,800,000 page views by 940,000 users

Increasing our understanding

We published *Focus on physicians*, the 2015 higher specialty trainee and consultant census report. The census reveals present-day and future challenges affecting the workforce and its findings help us to ensure that the NHS has the right physicians in the right place with the right skills.

Our biannual international advisers' meeting brought together RCP representatives from more than 20 countries to increase our understanding of the issues facing our members across the world.

We delivered a programme of survey research with members, improved the data that we collect and report about consultant vacancies, and formulated a data collection methodology for specialty and associate specialist (SAS) grades.

Promoting physician associates

Physician associates (PAs) have a generalist medical education and work alongside doctors, providing medical care as an integral part of the multidisciplinary team. They make a significant contribution to healthcare and provide continuity for patients and teams. The RCP Faculty of Physician Associates (FPA) promotes this new profession to the wider public, educates employers, campaigns for regulation of the profession, and administers the national examinations.

During 2016, the FPA formed a number of subcommittees to oversee the educational development of qualified PAs, their professional standards, exams and the accreditation of PA programmes. Our 2016 FPA conference was oversubscribed and a huge success. It was attended by over 300 people, and served as a forum to meet, learn about and discuss the future of PAs.

Pursuing regulation of PAs has been at the forefront of our agenda and the year ended with promising words from health secretary Jeremy Hunt, who highlighted the importance of regulation in the near future.

4 Shaping the future of health and healthcare

The insight of physicians and their patients helps to shape our vision for the future of health and healthcare. We listen to physicians, patients and the public and champion their aspirations.

In 2016, we planned to:

- > use the expertise of physicians and the experience of patients to influence the future of healthcare, from parliaments to wards
- > ensure that patients' and carers' experiences shape everything that we do
- > improve the public's health by championing evidence-based action to prevent ill health, nationally and internationally
- > foster innovation in health and promote research.

Here are our key areas of activity in 2016.

Using expertise and experience to influence healthcare

Our work to improve healthcare was promoted through publications, media, seminars, meetings and social media to the general public, patients, advocacy groups, policymakers and parliamentarians.

We launched a new policy campaign called Mission: Health, backed up by clear evidence and strong messages to appeal to a broad audience. We enjoyed a significant increase and prominence in media coverage, particularly on junior doctors, NHS funding and services, and the potential impact of Brexit.

We ran a successful programme of engagement with senior stakeholders, including:

- > regular meetings and engagement with key figures such as the secretary of state for health, the Health Select Committee, chief medical officer, and heads of NHS England, NHS Improvement, Health Education England, CQC and GMC
- > briefings and events at the Labour and Conservative party conferences, a Peers' breakfast in the House of Lords, and a parliamentary reception attended by key political figures
- > our response to 21 consultations, including the Autumn Statement, and House of Lords inquiry into the long-term sustainability of the NHS

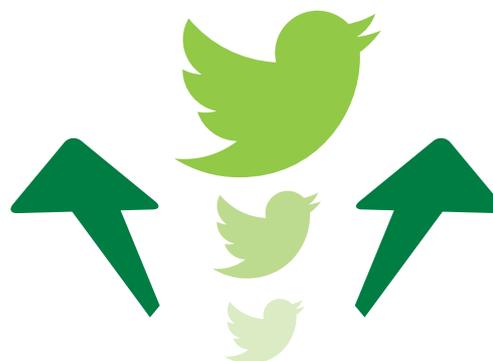
- > our response to Welsh Assembly elections, including building strong relationships with the ministerial team, and establishing the new vice president for RCP Wales.

Ensuring that patients shape everything that we do

Patients and carers contribute to all of our improvement work, via steering group representation or direct involvement in projects. We launched our new patient and carer strategy and delivered more intensive patient involvement across a range of projects. We involved lay members in our SACs, boards and committees, and in developing the new internal medicine curriculum.

Examples of our patient-centred work in 2016 include:

- > reports on end-of-life care, falls and fractures, and stroke audit designed to empower patients in acute healthcare settings
- > a review of personal electronic health record activity across the UK for NHS England
- > the first patient engagement event hosted by the Improving Quality in Physiological Services accreditation team, with 73 people representing over 30 patient groups
- > comprehensive gold standard volunteer management policies, governance and practice
- > continuous development of the 30+ specialty curricula to ensure that the syllabus is up to date and that training addresses the needs of patients.



Our Twitter followers @RCPLondon increased by over 6,000 to 26,690

Our report revealed the alarming effects of air pollution

Improving public health

We published two high-profile reports, *Every breath we take: the lifelong impact of air pollution* and *Nicotine without smoke: tobacco harm reduction*, generating substantial media coverage and opportunities for ongoing stakeholder engagement on key public health messages. Our policy recommendations to reduce air pollution are being further pursued with Professor Stephen Holgate, RCP's lead adviser on air quality, and via a follow-up report with the UK Health Alliance on Climate Change called *A breath of fresh air*.

Throughout 2016, we influenced key public health and healthcare discussions in EU institutions and other European organisations in Brussels, including:

- > calling for European-level actions to combat antibiotic resistance
- > lobbying EU policymakers for stronger air pollution rules, as part of the RCP's growing sustainability agenda
- > launching a major initiative to inform about the potential health and NHS consequences of Brexit.

We continued our work on obesity and alcohol through our close association with two organisations. The Obesity Health Alliance, jointly founded by the RCP, hosted a successful parliamentary event and produced a series of policy position statements. The Alcohol Health Alliance raised awareness of the link between alcohol consumption and cancer, and promoted progressive alcohol pricing policies.

On sustainability, a clinical fellow and two clinical co-leads joined the RCP to develop and lead a 2-year programme to promote sustainable healthcare.



The new specialty of aviation and space medicine was launched

Fostering innovation

To foster innovation and promote research, we:

- > established the new specialty of aviation and space medicine in the UK, and set up a committee to support the Faculty of Forensic and Legal Medicine to seek specialty status
- > addressed topical health service research issues such as variations in quality of care depending on staffing, time of day, and day of week
- > undertook research into digital technologies, access to records by patients and carers, and the use of data for research and other secondary purposes
- > launched *Research for all*, a report exploring the barriers to doctors' engagement in medical research, and started implementing the recommendations with a number of lobbying successes
- > developed a research and academic medicine strategy, and responded to developments in the external environment such as Brexit.

Mission: Health

The NHS offers some of the highest-quality, most efficient and most accessible healthcare in the world but is now facing turbulent and challenging times, including rising demand, increased budget deficits and an increasingly demoralised workforce.

In 2016, the RCP launched Mission: Health, our campaign for concerted national and local action to preserve the NHS to ensure that it can continue to provide the quality of care that patients deserve.

We published three reports in 2016: *Underfunded, underdoctored, overstretched: The NHS in 2016*; *Being a junior doctor*; and *Keeping medicine brilliant*, highlighting the need for urgent action to ensure that our health services are fit and sustainable for future generations. The reports received significant media coverage and excellent feedback from our members, as well as successfully influencing policy – including the government's announcement to increase the number of medical school places.

**Mission:
Health**

5 Investing in our future, building on our heritage

The RCP is at the forefront of clinical innovation, yet we also share and learn from our medical heritage, which dates back almost 500 years to 1518. We want to invest in our future while promoting and preserving our history.

In 2016, we planned to:

- > deliver a financially sustainable future by making the most of our expertise and managing our finances well
- > run an excellent organisation that enables us to deliver our vision of better health and healthcare for everyone
- > be a responsible organisation that lives by the values which we champion in the health service
- > make our current knowledge and our long history work for the benefit of present and future generations.

Here are our significant achievements in 2016.

A financially sustainable future

We delivered a better financial result for 2016 than budgeted, thanks to good cost control and new sources of income. A head of development was recruited to form a new fundraising and sponsorship team to generate increased income in the future. We developed our international strategy for 2016–2020, which aims for financial security by generating full cost recovery through global donors.

We agreed a 6-year plan to eliminate the defined benefit pension scheme deficit by March 2022. We set up a new Audit and Risk Committee and an internal audit function, and we tested a more efficient procurement system, which will be implemented in 2017.

Our Medical Workforce Unit was commissioned to carry out a number of external workforce surveys this year by the British Society of Gastroenterology, the Faculty of Intensive Care Medicine and on diabetes, in addition to 25 online surveys.

We supported the take-up of the MRCP(UK) exam internationally by exporting joint packages of training assessment and accreditation.

An excellent organisation

We made progress on our plans to form a subsidiary company with the two Scottish colleges to carry out the work of the Federation. A memorandum of understanding has been extended to the end of May 2017, to allow time to complete the planned incorporation of our activities.

We carried out a number of activities to support RCP staff development, including:

- > a comprehensive job grading and pay benchmarking exercise, and a revised Pay and Reward Policy
- > an improved intranet, customer service training, pulse surveys and interactive staff meetings
- > in-house management skills training, 'Learning at Work' weeks, and e-learning tools.

In the area of IT, we improved our networks and made audiovisual streaming accessible to all our members, as well as to customers using the RCP London building for events.

We further developed the Strategic Risk Register / Board Assurance Framework, and our operational risk register methodology was adopted by the five strategic theme boards.

A responsible organisation

To ensure that we are living our values and running a responsible organisation, we:

- > agreed an Ethical Investment Policy against which our future investments will be evaluated
- > successfully gained ISO 14001 (Environmental Management Systems) certification, endorsing our excellent work on sustainability
- > led the development work to implement the findings of the 2014 RCGP–GMC–BAPIO judicial review and shared our work, to identify common ground and develop solutions.

We will celebrate our

500th

anniversary in 2018

Benefit present and future generations

During 2016, we selected Liverpool as our city partners for RCP North, and signed a short-term, 3-year lease on space in the William Henry Duncan Building on the University of Liverpool campus. A joint RCP–Liverpool City Council steering committee was set up to manage the phase 2 design and build process of RCP North in the new Liverpool Knowledge Quarter, with estimated completion in 2020.

RCP events held to engage the public included:

- > exhibitions on John Dee and the Great Fire of London, which attracted large numbers of visitors and excellent feedback
- > a busy programme of evening and weekend events to accompany the exhibitions
- > three well-attended public lectures, public open days and Explore Your Archive week events
- > tours for Open Garden Squares and Open House events.

The RCP museum was again awarded full accreditation following assessment by Arts Council England. Conservation work was carried out on a number of artefacts dating back to 1602.

Our work with the Wellcome Library-led UK Medical Heritage Library digitisation project led to over 4,000 RCP titles being made freely available online.

We published two books in our anniversary series of '500 reflections on the RCP'. The latest volumes are *Physicians and war* by Professors Humphrey Hodgson and Simon Shorvon, and *Curiosities from the College museum* by Sir Richard Thompson.



More than 8,000 people visited our John Dee exhibition, tour or event

The magic of John Dee

Our first exhibition of 2016 explored the life and legacy of John Dee, one of Tudor England's most extraordinary and enigmatic figures, and proved to be our most popular to date. Over 6,000 visitors came to the RCP specifically to see the exhibition – a tenfold increase on previous numbers – and nearly 2,000 more attended our tours and events.

Books on display from John Dee's famous library, many elaborately annotated and illustrated by Dee's own hand, revealed tantalising glimpses into the mind of a man known as 'Queen Elizabeth's conjuror'.

The exhibition received extensive positive press and social media coverage, and unprecedented levels of visitor engagement and comments, including this via Instagram: 'unbelievably interesting exhibition at RCP about John Dee and his amazing collection of books'.



Over 4,000 medical books published between 1780 and 1914 are now freely available online

Our plans for 2017

2017 will be a busy year for the RCP, with the development of RCP North, focus on fundraising programmes and the run-up to our 500th anniversary in 2018. In 2017, we will further develop the RCP strategy to deliver our vision of the best possible health and healthcare for everyone. We plan to carry out the following activities under our five strategic themes:

1 Improving care for patients

We will:

- support physicians and multidisciplinary teams to lead quality and service improvement through our national clinical audits
- set, measure and promote standards that improve care for patients, through our work on clinical guidelines
- continue to develop and implement our vision of the future hospital and promote good practice in health service design, working with development sites to deliver clinically led projects, focused on providing person-centred care across integrated healthcare services
- develop health services that promote patient safety, patient experience, staff wellbeing and service improvement, through quality improvement tools and methodologies used in accreditation programmes.

2 Developing physicians throughout their careers

We will:

- shape the future of the medical workforce in the UK through curriculum development and individual assessment
- promote high-quality medical education and clinical leadership across the world by providing a range of clinical and non-clinical education events for physicians
- promote lifelong learning for physicians and aspiring physicians, and accessible opportunities for development, through continuing professional development and provision of learning resources
- promote medicine as a career by developing information and careers advice.

New beginnings at RCP North

In July we announced our plans for RCP North, a major development in partnership with the City of Liverpool that will create a new centre for clinical excellence.

RCP North will provide first-class facilities for fellows and members in the north of England, including medical training, examinations, conference facilities, quality improvement and research. The first phase is planned to be up and running by the summer of 2017.

This exciting project is in line with our 5-year strategy to ensure that we deliver more responsive and representative benefits and services to RCP members and partners in the NHS, as well as the desire for more education and research in UK regions. It reflects the increased demand for RCP expertise, knowledge and experience to support patient care, and the need for state-of-the-art training and education places for doctors and healthcare professionals.

RCP North will create a new centre for clinical excellence



3 Leading and supporting our members

We will:

- > increase our reach and relevance to all our members by strengthening our regional networks and the services that we provide to physicians, wherever they are based
- > support our members in their daily practice by enabling two-way dialogue and information, and encouraging involvement in wider RCP activities that improve patient care
- > deliver an exceptional membership experience by targeting our communications and support for members at each career stage
- > increase our understanding of the context in which our members work in the UK and around the world, and provide them with support and services appropriate to the needs of patients locally.

4 Shaping the future of health and healthcare

We will:

- > use the expertise of physicians and the experience of patients to influence the future of healthcare, from parliaments to hospitals in both the UK and the wider EU
- > ensure that patients' and carers' experiences shape everything that we do by further developing patient and carer involvement across the breadth of RCP work
- > improve the public's health by championing evidence-based action to prevent ill health, nationally and internationally, such as in the fields of smoking, alcohol and air quality
- > foster innovation in health and promote research across medicine, including participation in research across career stages and specialties.

5 Investing in our future, building on our heritage

We will:

- > deliver a financially sustainable future by making the most of our expertise and managing our finances well in support of our strategy and services
- > run an excellent organisation that enables us to deliver our vision of better health and healthcare for everyone through efficient use of internal systems and resources
- > be a responsible organisation that lives by the values which we champion in the health service, especially in terms of environmental sustainability
- > make our current knowledge and our long history work for the benefit of present and future generations through access to our heritage and collections.

RCP boards, committees and lists

Officers of the RCP

Visitor

Her Majesty the Queen

President

Professor Jane Dacre

Vice president for education and training (senior censor)

Dr Gerrard Phillips

Clinical vice president

Dr Anita Donley OBE (demitted July 2016)

Professor David Oliver (appointed August 2016)

Academic vice president

Professor Margaret Johnson

Treasurer

Professor Linda Luxon CBE (demitted October 2016)

Professor Chuka Nwokolo (appointed October 2016)

Registrar

Dr Andrew Goddard

Censors

Dr Peter Belfield (demitted July 2016)

Dr Liz Berkin

Dr Andrew Douds (appointed August 2016)

Professor Kevin Harris (appointed August 2016)

Dr Andrew Jeffrey (demitted July 2016)

Dr Andrew Macleod (appointed August 2016)

Dr Emma Vaux

Dr Adrian Jennings

Vice president for Wales

Dr Alan Rees

Linacre fellow

Dr Ananthakrishnan Raghuram
(appointed August 2016)

Harveian librarian

Professor Simon Shorvon (demitted July 2016)

Professor Simon Bowman (appointed August 2016)

Director, International Office (Hans Sloane fellow)

Professor David Warrell (demitted July 2016)

Professor Ali Jawad (appointed August 2016)

Editor and clinical director of publications

Professor Humphrey Hodgson

Director, Clinical Effectiveness and Evaluation Unit

Dr Kevin Stewart

Medical director, Joint Royal Colleges of Physicians Training Board (JRCPTB)

Professor David Black

Deputy medical director, JRCPTB

Dr Alastair Miller

Associate deputy director, JRCPTB

Dr Emma Vaux

Medical director, revalidation and CPD

Dr Myra Stern

Medical director, MRCP(UK)

Professor Andrew Elder

Senior examiner of the London College

Dr Tanzeem Raza

Associate medical director, written examinations

Dr Derek Waller

Director, Medical Workforce Unit

Dr Harriet Gordon

Deputy director, Medical Workforce Unit

Dr Nigel Trudgill

Director, Health Informatics Unit

Professor John Williams

New technologies clinical lead

Professor Jeremy Wyatt

Patient involvement officer

Vacancy (role being recruited)

Director, Invited Service Reviews

Dr Peter Belfield

Future Hospital officers

Dr Mark Temple

Professor Frank Joseph

Clinical director for accreditation

Dr Roland Valori

Director, National Guideline Centre

Professor Bernard Higgins

Medical careers officer

Dr Hina Pattani

Garden fellow

Dr Henry Oakeley

Representative on the Advisory Committee of the Chelsea Physic Garden

Professor Michael de Swiet

Chief executive

Dr Ian Bullock (joint interim; January 2016)

Mr Clive Constable (joint interim; January 2016)

Dr Ian Bullock (appointed February 2016)

Board of Trustees

Ex officio members

Professor Jane Dacre, president
 Professor Linda Luxon CBE, treasurer
 (demitted October 2016)
 Professor Chuka Nwokolo, treasurer
 (appointed October 2016)
 Dr Andrew Goddard, registrar
 Dr Anita Donley OBE, clinical vice president
 (demitted July 2016)
 Professor David Oliver, clinical vice president
 (appointed August 2016)
 Dr Gerrard Phillips, vice president education and training
 and senior censor
 Professor Margaret Johnson, academic vice president

Members nominated from Council

Dr David Cohen
 Dr Rowan Hillson
 Dr David Nicholl (appointed January 2016)
 Dr John Firth (appointed January 2016)

Lay members

Lady Wolfson
 Mr Tom Vyner CBE
 Mr Andrew Chandler
 Mr Graham Meek (appointed July 2016)

Members of Council

Professor Jane Dacre
 Dr Gerrard Phillips
 Dr Anita Donley OBE (demitted July 2016)
 Professor David Oliver (appointed August 2016)
 Professor Margaret Johnson
 Professor Linda Luxon CBE (demitted October 2016)
 Professor Chuka Nwokolo (appointed October 2016)
 Dr Andrew Goddard
 Dr Alan Rees (demitted December 2016)
 Dr David Cohen (demitted December 2016)
 Dr John Dean (appointed August 2016)
 Dr John Firth
 Dr Mike Gill
 Dr Rowan Hillson MBE (demitted December 2016)
 Dr Adrian Jennings
 Dr Robin Lachmann
 Dr David Nicholl
 Dr John Quin (demitted July 2016)
 Dr Roby Rakhit (appointed August 2016)
 Dr Tanzeem Raza
 Dr Michael Rose
 Professor Raymond Tallis (appointed August 2016)
 Professor Simon Taylor-Robinson
 Professor Anthony Ward
 Professor Ashley Woodcock OBE (appointed August 2016)
 Dr Emma Vaux
 Dr Jason Payne-James
 Dr Richard Heron
 Dr Alan Boyd

Professor John Ashton CBE (demitted June 2016)
 Professor John Middleton (appointed June 2016)
 Dr Anna Batchelor (demitted November 2016)
 Dr Carl Waldmann (appointed November 2016)
 Ms Jeannie Watkins (appointed August 2016)
 Dr John Dean
 Dr Andrew Macleod
 Professor John Harvey (demitted July 2016)
 Dr Andrew Freedman (appointed August 2016)
 Dr Michael Trimble
 Dr Sarah Clarke
 Dr David Eedy (demitted July 2016)
 Dr Nick Levell (appointed July 2016)
 Dr Ian Forgacs (demitted June 2016)
 Professor Martin Lombard (appointed June 2016)
 Professor Simon Bowman (demitted April 2016)
 Dr Peter Lanyon (appointed April 2016)
 Dr Eileen Burns (appointed November 2016)
 Dr Lisa Davies (appointed January 2016)
 Dr Sarah Clarke
 Dr Mark Holland
 Professor Philip Smith
 Professor John Wilding (appointed January 2016)
 Dr Clifford Mann (demitted October 2016)
 Dr Tajek Hassan (appointed October 2016)
 Dr Jessica Williams (demitted May 2016)
 Dr Aisling Carroll (appointed May 2016)
 Dr Druin Burch (demitted July 2016)
 Dr Chee-Seng Yee (appointed July 2016)
 Dr Carol Postlethwaite (appointed January 2016)
 Dr Orod Osanlou
 Dr Amer Jafar
 Ms Elisabeth Davies

Finance and Resources Board

Dr Andrew Goddard, registrar
 Charles Perrin CBE
 Dr Tim Battcock
 Professor Jane Dacre, president
 Professor Simon Bowman, Harveian librarian
 Laura Gibbs
 Michael Ridley
 Professor Chuka Nwokolo, treasurer
 Sarah Barzycki
 Professor Anthony Ward

Audit and Risk Committee

Andrew Chandler
 Graham Meek
 Vacant positions

Awards, prizes and lectures

Ambuj Nath Bose prize

Dr Tom Downes

Bisset Hawkins prize

Professor Sir Ian Gilmore

Graham Bull prize and Goulstonian lecture

Dr Gideon Hirschfield

Kenneth Robson prize

Mr Clive Constable

Linacre lecture

Dr Rhys Thomas

Milroy lecture (delivered 2018)

Dr Tim Allison

President's medal

Professor Joseph Michael Muscat-Baron

RCP and NIHR Clinical Research Network award

Dr Tom Abbott

Dr James Brown

Dr Tina Dutt

Dr Phil Keeling

Dr Nikolaos Kyriakakis

Dr Antonia Lloyd-Lavery

Professor Iain Macdougall

Dr Barbara McGowan

Professor Geeta Menon

Dr Shaji Sebastian

Teale essay prize

Dr Yang Chen

Fellowships and bursaries

Dame Sheila Sherlock travelling fellowships in hepatology

Dr Varinder Athwal

Dr Abhishek Chauhan

Dr JD Ramsay cardiology bursaries

Dr Joanna Grogono

Dr Laura Pugh

Dr Genevieve Shouls

Dr Chris Young

James Maxwell Grant Prophit fellowship

Dr Thomas Morris

John Glyn bursaries in rheumatology

Dr Qasim Akram

Dr Muhammad Nisar

RCP medical student elective bursaries

Yuan Ye Beh

Charles Bell

Sebastian Calloway

Erin Drazich

Daniel Jackman

Kevon Parmesar

James Ruffle

Samuel Leonard Simpson fellowship in endocrinology

Dr Safween Adam

Thomas Watts Eden paediatric fellowship

Dr Anne-Lise Goddings

Elections and admissions

New fellows

1,114 elected under bye-law 39 (a, c and d)

16 elected under bye-law 39 (b)

5 elected under bye-law 39 (e)

16 elected under bye-law 39 (f)

68 elected under bye-law 39 (g)

6 elected under bye-law 43

New honorary fellows

Dr Bakhsh Ismail

Sir Andrew Dillon

Professor Sir Malcolm Grant

Dr Jane Mellanby

Sir Andrew Morris

Dame Una O'Brien

Major donors for 2016

Estate of the late Mrs JMS Knight

Estate of the late Dr JA Smith

The Medical Foundation for Sexual Health and HIV

The Lord Leonard and Lady Estelle Wolfson Foundation

Museum of London – Arts Council of England funded

contribution

Principal advisers

Solicitors

Fieldfisher LLP
Riverbank House
2 Swan Lane
London
EC4R 3TT

Bankers

C Hoare and Company
37 Fleet Street
London
EC4P 4DQ
Lloyds plc
National Clubs and Charities Centre
Sedgemoor House
Dean Gate Avenue
Blackbrook Business Park
Taunton
TA1 2UF

Auditor

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Investment managers

Schroder and Co. Ltd
100 Wood Street
London
EC2V 7ER
Ruffer LLP
80 Victoria Street
London
SW1E 5JL
Morgan Stanley Private Wealth Management
25 Cabot Square
Canary Wharf
London
E14 4QA
CCLA Investment Management Limited
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Principal address

11 St Andrews Place
Regent's Park
London
NW1 4LE

Chief executive

Dr Ian Bullock (appointed February 2016)

Supported by key management personnel

Interim deputy chief executive
(substantive from December 2016)
Executive director, care quality improvement
Executive director, education
Executive director, strategy, communications and policy
Executive director, corporate services
Interim commercial director
Director, engagement and international partnerships
Chief operating officer, NGC
Director, human resources
Chief technology officer
Head of JRCPTB
Interim heads of MRCP(UK) (two posts)
Head of CPD and revalidation

Financial powers and policies

This section should be read in conjunction with the financial statements on pages 33 to 56. An overview of the financial results is given in the treasurer's report on pages 29 to 30.

Fundraising

The RCP benefits from the support of donors including many members and fellows, as well as charitable trusts and other supporters. Our last major appeal was in 2001/2 to build the Jerwood Education Centre.

In recent years, we have sought funding on a project basis, responding to opportunities and working with specific donors on areas of mutual interest. During 2016, we received funds to support our work in conferences, education, clinical standards, guidelines and audits. We are very grateful for these contributions, which have enabled us to carry out essential activities.

We also recognise that there is considerable scope for fundraising to grow. We are now investing in our fundraising operations by establishing a dedicated team to develop this area of work and attract new supporters.

As we approach the 500th anniversary of the RCP, we will engage our membership and other potential donors in a new fundraising appeal to meet our core strategic objective of improving health. Launching an appeal at this time will allow the 500th anniversary to leave a lasting legacy of outcomes, not only through the funds raised, but also by embedding a permanent fundraising function and culture of philanthropy.

Investments

Powers and governance

The RCP's bye-laws give the trustees powers to appoint fund managers to manage its investments.

The Investment Advisory Panel (IAP) is responsible for monitoring the performance of the investment portfolios and of the fund managers. The IAP meets with the fund managers quarterly to review their reports and progress. The IAP is chaired by the treasurer, and its membership includes fellows, independent external advisers and managers from the Finance Department. The panel reports to the Finance and Resources Board.

Management

Funds required in the medium to short term are invested directly by the RCP in fixed-term deposits with banking institutions with a minimum A rating. The remaining funds are invested with external fund managers who have discretionary powers of investment within agreed restrictions as agreed in the Statement of Investment Principles.

The external funds are managed by Cazenove Capital Management (previously called Schroder and Co. Ltd) and by Ruffer LLP. The managers' mandate is to invest, on a total returns basis, in a globally diversified portfolio of cash, equity, fixed income, convertible bonds, hedge fund securities, property funds and commodities' funds. A relatively small investment remains with the former investment managers Morgan Stanley, in the form of hedge funds that are in the course of being liquidated and transferred to the current fund managers.

The RCP's objective is to invest its investment assets to maximise returns, with low level of risk, through a diversified asset portfolio. Within this framework, a number of objectives have been agreed to help guide the Finance and Resources Board in their strategic management of the assets and control of the various risks to which the RCP is exposed.

Where appropriate, the Finance and Resources Board have approved benchmarks for the proportion of the portfolios invested in different asset classes and permitted control ranges within which these proportions may fluctuate. These ranges limit the risk of concentration in one asset class and control and reduce volatility.

For some parts of the portfolio, the Finance and Resources Board has approved investment in a specific investment fund. The nature of this fund also limits the risk of concentration in one type of investment and controls and reduces volatility. The principal fund managers will maintain and report on these investments until instructed otherwise by the Finance and Resources Board.

The bye-laws do not specify any form of restriction on the investment of funds, but the Board of Trustees have stated that the RCP's funds are not to be directly invested in:

- > companies that derive their turnover from the sale of tobacco products
- > land or property (investment in property funds is permitted).

Objectives

The RCP's investment objectives are:

- > main fund: annual income requirement – £550,000; target a total return of inflation plus 3–5%
- > trust funds: annual income requirement – £250,000; target capital growth in line with inflation
- > leasehold fund: annual income requirement – target growth return – in excess of inflation plus 3–5%

The annual income requirements will grow in line with inflation and will be met from dividend income and bond interest receipts. Targets for returns are to be met through capital growth and the re-investment of any surplus income.

The below table shows the performance of our investments during the year:

| Fund | Target | 1-year performance (%) | Prior year performance (%) | Performance since inception* (annualised %) |
|-----------|-----------|------------------------|----------------------------|---|
| Main | RPI +3–5% | 15.4 | 1.7 | 7.1 |
| Trust | RPI | 17.5 | 2.0 | 8.5 |
| Leasehold | RPI +3–5% | 12.8 | 0.2 | 5.5 |

*inception taken from 31 March 2011

Given the volatility and uncertainty in the markets in 2016, resulting especially from various political developments, our investment portfolio has performed extremely well and created significant gains to our portfolio. Further information on our investment portfolio can be found in note 14 of this report.

Total returns policy

RCP received a total return order from the Charity Commission, dated 6 February 2012, which enables the trustees to decide which part of the unapplied total return from the investment of the charity's permanent endowments should be held on trust for application for the purposes of the charity.

The policy applied in determining the initial amounts of the trusts for investments and any unapplied total return was identifying an appropriate and suitable date at which the investments (which were all invested with and managed by external fund managers) were at its lowest. This date was determined (through reference to the general stock market conditions over the period) as 30 September 1988.

The value of the investments at this date was 'frozen' and classified as frozen permanent capital at a value of £3.6 million and the remainder of the investments was classified as unapplied total return, currently valued at £4.6 million.

The amount of the unapplied total return allocated to income was the actual costs of grants, fellowships and other costs such as medals, prizes and honoraria that were awarded in the financial year, as stipulated by and within the remit of the various funds.

Policy on reserves

To deliver its business plan, the RCP has agreed a budgeting and reserves policy that enables it to make appropriate strategic allocations of funds, while at the same time securing a sound financial base for future requirements. Services are provided with a clear understanding of whether they should be subsidised, cost neutral or delivered at a surplus. Through this policy, the RCP seeks to develop new sources of income to mitigate the risk of over-reliance on major income streams. Investment decisions on the resources necessary, both to deliver new activities and to sustain continuing commitments, are based on the RCP's overall strategic needs.

The trustees make allocations between the main activities, based on the current environment and the changing requirements of the RCP's key activities. The Finance and Resources Board recommends an overall financial framework for the preparation of annual budgets to the trustees, taking into account the need to maintain reserves.

The RCP's unrestricted income is relatively predictable, while its expenditure is more variable and uncertain in some aspects, hence the requirement for financial reserves. The budgets and future plans are put in place to overcome any uncertainty over income or unexpected calls on the charity's funds. The RCP holds a number of permanently endowed and restricted funds which result from bequests or donations for particular purposes, details of which are set out in notes 18 and 19 to the financial statements.

The RCP also holds reserves in the form of designated funds that are earmarked for particular purposes by the trustees. Two of the main designated funds are the intangible and fixed assets fund, represented by tangible and intangible and fixed assets, which are not readily converted into cash, and the leasehold replacement fund, the value of which is represented by external investments. The free reserves of the RCP, excluding designated funds, are represented by a mixture of external investments and net assets that include cash reserves.

The free reserves of the RCP as at 31 December 2016 were £17.2 million after deducting the defined benefit pension scheme deficit (2015: £17.5 million). This represents over 6 months of the unrestricted operational expenditure.

Trading subsidiary

The RCP's wholly owned trading subsidiary for non-medical customers, The RCP Regent's Park Limited's net profit for the year ended 31 December 2016 of £688k is paid under gift aid by the company to the RCP. The principal activity of the company is to organise, provide facilities for and hold conferences, seminars, courses of instruction, demonstrations, lectures, exhibitions, private dinners and functions. The trading results and balance sheet of the subsidiary extracted from its audited accounts are set out in note 21 to the financial statements.

Going concern

The RCP's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 5 to 17. The financial position of the RCP, its cash flows, liquidity position and reserves are described in the financial statements on pages 32 to 56. In addition, note 1 to the financial statements includes the RCP's policies for managing its funds. The management of financial and other risks is described below. The RCP has considerable liquid financial resources, comprising equities and bonds, and short-term cash instruments and deposits totalling £54 million, representing 103% of total reserves. In addition, the RCP obtains funding from a wide range of activities. As a consequence, the trustees believe that the RCP is well placed to manage its business risks successfully. The trustees consider that the RCP has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Structure, governance and management

The RCP is a registered charity (no. 210508), incorporated by royal charter dated 23 September 1518, affirmed by an act of parliament in 1523. The charter of 1518 was amended by a supplemental royal charter dated 11 March 1999. The governing instruments of the RCP are the royal charters, and the bye-laws as amended from time to time.

Fellows

Fellowship is the highest level of membership of the Royal College of Physicians and comes with many benefits and responsibilities. Fellows have distinguished themselves in the practice of medicine, medical science or medical literature. At the time of election, the fellow is normally a member of the RCP of at least 4 years standing and in a substantive consultant post for a minimum of 3 years, and making a significant contribution in one or more of these areas of practice. Fellows are nominated for election by Council and have the right to stand for office, to vote for officers and to attend and vote at the Annual General Meeting (AGM).

Annual general meeting

The AGM or Comitia of fellows is combined with the annual presidential election, and by act of parliament is held on the first Monday after Palm Sunday.

Senior college officers

The senior officers of the RCP (president, vice presidents, treasurer and registrar) are all trustees of the charity. Their involvement in all of the main boards and committees of the RCP ensures that due consideration is given to the RCP's charter and bye-laws on every occasion.

Board of Trustees

The Board of Trustees is the RCP's governing body, and meets four times a year. It is responsible for:

- defining RCP policy, agreeing the RCP business plan and monitoring the progress of RCP affairs
- ensuring the safe management and custody of all RCP assets.

It has the authority to delegate any of its powers to the RCP's boards and committees. Ultimately, all decisions apart from changes to the bye-laws and regulations are either taken by or on behalf of the Board of Trustees, and reported to the fellows at the AGM.

The Board of Trustees comprises:

- > senior officers of the RCP (*ex officio* – six)
- > members nominated from Council (four)
- > lay members appointed by the Board of Trustees (four).

Trustees are inducted in the operations of the RCP as well as their statutory obligations as a charity trustee when they are appointed. The training requirement for trustees is kept under regular review and meetings of the Board are usually preceded by a training session on a specific topic. An exercise is currently ongoing to make material more accessible, through a web-based governance hub.

Boards

There are two boards with specific responsibility to the Board of Trustees. They are:

- > Council
- > Finance and Resources Board.

The Strategy Board also reports to the Board of Trustees, as well as to Council.

Council

Council meets six times a year. Its function is to develop RCP policy in relation to professional and clinical matters, and to give authority to:

- > RCP statements and publications
- > conduct and results of the MRCP(UK) examination
- > elections to the fellowship and membership as well as of college officers.

There are two boards with specific responsibility to the Council. They are:

- > Strategy Board (which also reports to the Board of Trustees)
- > Medical Specialties Board.

Five boards report through the Strategy Board. These focus on the operational work of the RCP under our five strategic themes:

- > Care Quality and Improvement Board (previously the Clinical Standards Board)
- > Education Board (previously the Education, Training and Examinations Board)
- > Membership Support and Global Engagement Board (previously the Professional Affairs Board)
- > Strategy, Communications and Policy Board (previously the Policy and Communications Co-ordination Committee)
- > Finance and Resources Board.

Finance and Resources Board

Although the arrangements are under review, in 2016 the Finance and Resources Board met four times. It has responsibility for:

- > agreeing and monitoring the application and use of resources
- > monitoring the business planning process and delegating decisions on new activities to senior management within agreed financial limits
- > providing oversight to the annual financial statements with the newly formed Audit and Risk Committee.

The Board is chaired by the treasurer, and its membership includes the president and registrar (both *ex officio*), two elected members of Council, two other fellows and up to five members from outside the RCP.

There are three committees with specific responsibility to the Finance and Resources Board. They are:

- > Funding Awards Committee (formerly Trust Funds Management Committee)
- > Investment Advisory Panel
- > Heritage Management Committee.

During 2016, the RCP also set up a new Audit and Risk Committee, which in early 2017 appointed a new firm of internal auditors, who will work alongside management to develop an internal audit plan across the RCP.

The newly appointed Committee will also be responsible for reviewing the annual financial statements with the auditors and recommending them for approval to the Board of Trustees.

Statement of trustees' responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the group's net incoming or outgoing resources 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 principles in the Charities' Statement of Recommended Practice (SORP)
- make 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the royal charters and bye-laws. They are also responsible for safeguarding the assets of the charity and the group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees of the charity are aware of their duty under section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales. They have fulfilled this during 2016 by receiving regular reports on the development of the Commission's guidance. They have taken account of public benefit guidance in the development and approval of the RCP's operational plan and supporting budgets for 2017, which were approved in 2016.

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

Management

Responsibility for the day-to-day operations of the RCP is delegated to the chief executive, who is accountable to the Board of Trustees. The management and staff of the RCP are structured to carry forward the work and achieve the objectives of the RCP, and to provide support services. Each department of the RCP is also overseen at a governance level by a designated officer.

Key management personnel are considered to be those personnel who have the authority and responsibility for planning, directing and controlling the activities of the RCP. Key management personnel are remunerated within the RCP's general staff policy for pay and reward that is competitive within the charity sector, proportionate to the complexity of each role, and responsible in line with our charitable objectives.

A large number of volunteers are involved with the RCP's work, in the UK and abroad. The vast majority are doctors who are members of the RCP who support RCP activities, such as by being examiners, regional advisers, or representatives on consultant appointment committees. There are many more examples, and the RCP also has a Patient and Carer Network, which allows members of the public to become involved. Medical staff give of their own time, but also rely on NHS guidance about the ability to use NHS time for the greater benefit of the NHS.

Risk management

The trustees have overall responsibility for risk management in the RCP. Agreed processes are in place by which the trustees review, identify and assess major risks and agree with management the controls that already are, or will be, put in place to manage those risks. These details form part of the risk register, which trustees regularly review in full.

The controls put in place provide a reasonable but not absolute assurance that risks have been adequately mitigated.

Risk issues in the day-to-day operation of the RCP are delegated to management to monitor and implement appropriate control measures. Any new areas of risk identified are reported to the Audit and Risk Committee, including how they have been managed. The Audit and Risk Committee reports any areas of concern to the trustees, with recommendations for corrective action.

Principal RCP risks and mitigation

Following the structure of the Charities Commission guidance publication on risk management (CC26), the principal categories of risk that the RCP monitored and sought to mitigate are:

| Area of risk | Mitigation |
|--|--|
| 1. Governance risks | |
| Complex range of activities and organisational structure | <ul style="list-style-type: none"> > Officer/executive twinning > Organisational structure aligned with the key RCP strategic pillars > Regular and structured KPI reporting > Adequate internal controls and policies in place > Appointment of internal auditors in 2017 to help focus on high-risk areas |
| Clarity of powers between Council and Board | <ul style="list-style-type: none"> > Modern statement of charitable purpose in relation to the charter and bye-laws > Central Governance Hub SharePoint repository for all key committees information |
| Services provided through the Federation with the Scottish physician colleges governed by a simple memorandum of understanding (MOU), which expires at the end of December 2016; complexities of separate Federation incorporation | <ul style="list-style-type: none"> > MOU extended to 31 May 2017 to allow time for a newly-incorporated arms-length entity to be negotiated and properly set up for continuing Federation activities > Detailed operational plans have been developed > Relevant professional advice has been sought at each stage of the negotiations |
| 2. Operational risks | |
| Complexity of projects, IT systems and service development | <ul style="list-style-type: none"> > Executive and senior management oversight, interlocking committees membership, and business partnering from the service functions > Monitoring by the Knowledge and Information Systems Committee in line with the RCP's overall strategy |
| Control over supplier costs and contracts | <ul style="list-style-type: none"> > The central procurement function is now well established, and is delivering good procedural compliance and value for money |
| High level of 'technical debt' in relation to IT network infrastructure and skills | <ul style="list-style-type: none"> > Investment in upgrading and modernising the IT network, making better use of Cloud, restructuring and strengthening of the IT department |
| Data protection | <ul style="list-style-type: none"> > Strict information governance policies and risk review procedures in line with NHS best practice, and annual online staff training on DPA compliance |
| Cybersecurity vulnerabilities | <ul style="list-style-type: none"> > Investment in the latest firewall and monitoring technologies, and regular security patching |
| PCI-DSS compliance | <ul style="list-style-type: none"> > Investment in encrypted end-to-end solutions for taking cardholder-not-present payments |
| Business continuity and resilience | <ul style="list-style-type: none"> > Reinvigoration of disaster recovery, incident management and business continuity planning |
| Staff turnover, loss of key skills and knowledge | <ul style="list-style-type: none"> > Pay and reward benchmarking and better communication of existing benefits > Talent management > Staff engagement through organisational development |
| Office space capacity shortage, and ageing and inflexible (grade I listed) estates infrastructure at our Regent's Park HQ in London | <ul style="list-style-type: none"> > Investment in staff welfare facilities and piloting of 'agile working' in certain departments > RCP North development in Liverpool of up to 140,000 sq ft of new space by 2020 > Developing the Property Services and Facilities Team through partnership with CBRE |

3. Financial risks

| | |
|--|---|
| Unrestricted operational deficits linked to investment in delivering the RCP 5-year strategy 2015–2020 | <ul style="list-style-type: none"> > Improvement thinking, financial controls and sensible cost management across all operational areas > 5-year forward financial plan indicates a return to a break-even position by the end of the current strategic cycle |
| The deficit in the closed DB pension scheme | <ul style="list-style-type: none"> > A 6-year deficit repair plan of £965k pa cash top-up payments was agreed with the DB trustees, out to 31 December 2021 > Appropriate professional advice procured to advise the DB trustees and the RCP |
| Government/NHS austerity, reduction in available income budgets and availability of professional time within the NHS | <ul style="list-style-type: none"> > The extensive use of fixed-term contracts to enable staff costs to be managed in line with income from the relevant NHS projects; where appropriate, part-payment to NHS trusts to gain access to key clinician time |
| Ability to fundraise and grow/diversify the revenue base | <ul style="list-style-type: none"> > A new Commercial Directorate has been set up, including senior staff focusing on fundraising, corporate partnerships, strategic marketing and business development |

4. External factor risks

| | |
|---|---|
| Government policy on the NHS, and impact on medical professionalism and standards | <ul style="list-style-type: none"> > Regular dialogue and correspondence between college officers / Council and key decision-makers in government and the NHS |
| Remaining aligned with, and representative of, fellows and members' views | <ul style="list-style-type: none"> > Member engagement via regional and international representatives, regular surveys and the annual census |
| Quasi-statutory status of key RCP activities within the NHS (clinical guidelines, exams, training, senior medical appointments, CPD) | <ul style="list-style-type: none"> > Regular dialogue and correspondence between RCP and key decision-makers in the GMC and the broader NHS |
| The unpredictable international financial climate following the effects of the UK leaving the EU and new economic policies in the USA | <ul style="list-style-type: none"> > Prudent fund management aided by our investment advisers |

Auditor

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

Approved by the Board of Trustees on 10 April 2017 and signed on its behalf by:



Professor Jane Dacre
President



Professor Chuka Nwokolo
Treasurer

Treasurer's annual report

I am pleased to present my report, as part of the report of trustees, for the year ended 31 December 2016.

Our continued investment in the delivery of the RCP strategy 2015–2020 has seen expenditure rise by 5% compared with 2015, while our income has remained relatively flat.

Our net movement in the year shows an accounting surplus of £934k. However, looking past the favourable gains of £5,597k from our investment portfolio, the £2,224k increase in the defined benefit (DB) pension scheme deficit, and other non-operational gains and transfers for the year, we delivered an overall operational deficit of £1,779k, of which the unrestricted part was £984k, in line with our 5-year strategy.

| | 2016 (£000) | | | | 2015 (£000) |
|-----------------------------|--------------|------------|-----------|---------|-------------|
| | Unrestricted | Restricted | Endowment | Total | Total |
| Total income | 31,195 | 9,168 | 348 | 40,711 | 40,765 |
| Total expenditure | 32,179 | 10,025 | 286 | 42,490 | 40,522 |
| Net operating result | (984) | (857) | 62 | (1,779) | 243 |

Income and expenditure

The RCP's consolidated total income in 2016 was £40.7 million (2015: £40.7 million). Although our income mix remains broadly stable we saw an increase in education and training activity for the year while there was a decline in some of the clinical standards work for NICE through the National Guideline Centre.

2016 saw a steady increase in membership numbers across all categories, including the new category of physician associates. The Federation activities (examinations, training and CPD), in partnership with the two Scottish physicianly colleges, continues to grow and expand internationally. The Invited Service Reviews consultancy offering has scaled up its delivery and is seeing an increase in demand for its services.

Medical and non-medical meetings and events at 11 St Andrews Place have remained a consistent income stream throughout the years, as well as continuing to provide a valued service to support the internal functions of the RCP. Efforts have been made to increase the awareness of the venues and services the RCP can provide, but local competition remains tough in the hospitality sector and we have remained competitive by driving traffic through our website, growing our social media presence and various other promotional initiatives. We have continued to invest in our audiovisual and streaming facilities through our venues and new interactive technologies to support event bookings, which we hope will continue to increase the demand for our services.

As a result of our continued investment in the RCP's strategy, we saw our expenditure increase by 5% from £40.5 million in 2015 to £42.5 million in 2016. This has been driven mainly by our commitment to improving standards in clinical practice and growth of our education and training work. Additionally, we have invested in supporting physicians both regionally and internationally in line with our member engagement/outreach strategy, including a new audiovisual streaming and content archive.

Appreciating that our IT systems are key to the progress of the RCP and in providing an efficient support network to our members, we have continued to invest in more modern systems. In 2016, we have continued the work of the Strategic Systems Programme (SSP) into a new 3-year knowledge and information systems (KIS) strategy, which will continue to develop and enhance the work of the RCP in future years.

We have sharpened our commercial and business development focus and hope to grow a number of our income streams. We have also set up a new fundraising directorate for the RCP and hope to leverage the opportunity of our 500th anniversary in 2018 to grow our income from donations and legacies, so as to reinvest the proceeds in causes that advance the RCP's charitable purpose.

Investments

As at 31 December 2016 our investments stood at £47.2 million, a 13.8% increase in value from the 2015 year-end, driven mainly by the rise in the UK stock markets, and the increase in value of foreign-denominated investments, linked to the 15% devaluation of sterling following the vote to leave the EU on 23 June.

The objectives of our investment strategy are to achieve long-term growth at an acceptable level of risk while maintaining the value of the investment portfolios in real terms, and to generate income as required for the RCP's work. Our investment managers Cazenove and Ruffer, together with the guidance and scrutiny of our Investment Advisory Panel, have delivered a balanced performance this year. We are continuing to develop an ethical investment standing, in a difficult economic climate, which is aligned to the RCP's views and ethos.

Pensions

As at the end of 2016, the deficit of the defined benefit pension scheme, which has been closed to new members since 2002 and to further accrual from 2008, increased from £5.055 million to £7.279 million on an FRS102 basis. This increase is primarily due to changes within the actuarial assumptions on the scheme, where the discount rate applied to future liabilities fell to 2.7% from 3.7%. The RCP has demonstrated its commitment to the scheme by increasing cash contributions to £1 million per year over the next 5 years.

Balance sheet and reserves

The RCP continues to have a strong balance sheet, with net assets of £51 million of which £47 million is the market value of our investment portfolio (which is highly tradable and liquid) and £6.6 million in cash and deposit accounts. Endowment and restricted funds comprise £14.4 million, therefore unrestricted funds comprise £36.5 million of which general reserves (net of the DB pension deficit) are steady at £17.3 million, equivalent to over 6 months' unrestricted expenditure.

Future financial plans

The trustees and I remain vigilant in seeking to protect the assets that we hold on behalf of fellows, and to use the resources available to fulfill the RCP's objectives and promote its work in the most efficient way possible.

Our future financial plans indicate that the RCP's financial position remains strong, and will return from a deficit to a break-even position by the end of the current 5-year strategic cycle. Our planning and risk management processes should help us to identify any significant challenges at an early stage, and we have recently appointed Haysmacintyre as an outsourced internal audit function (reporting to the Audit and Risk Committee) to help the RCP challenge and improve its internal processes and controls.

We continue to increase our investment in the RCP, through the development of our staff knowledge and skills, the estate, IT and continued support to our members, while diversifying our income streams for long-term sustainability. We continue to plan for the RCP's 500th anniversary and our expansion into a significant new site in Liverpool. This is an exciting time to be involved in the RCP and I look forward to the benefits our continued investment will bring to the RCP and its members going forward.

With thanks

As ever, I am extremely grateful for the help and support that I have received in my role, from so many who have given generously of their time to help carry the work of the RCP forward.

I owe a particular debt of gratitude to our independent pro-bono external advisers, who give unfailingly of their time and expertise to advise and support the heritage and financial activities of the RCP. I should also particularly like to thank: all the staff of the RCP Finance Department, for their help and advice; the members of the Finance and Resources Board for their assistance in overseeing and monitoring the finances of the RCP, and developments in relation to our IT facilities; the members of the Investment Advisory Panel, for their work in monitoring the implementation of our investment strategy and the performance of the investment managers; the Estates Committee, for their assistance in defining and delivering a more agile Estates Strategy; and the newly formed Audit and Risk Committee for their assistance in reviewing and providing assurances on the RCP's activities.

Finally, I would like to convey my gratitude to Professor Linda Luxon, my immediate predecessor, for her wisdom and guidance.



Professor Chuka Nwokolo

Treasurer

10 April 2017

Independent auditor's report to the trustees of the RCP

We have audited the financial statements of the RCP for the year ended 31 December 2016 set out on pages 33 to 56. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's trustees as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ethical standards for auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report of trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- > give a true and fair view of the state of the group's and the charity's affairs as at 31 December 2016 and of the group's incoming resources and application of resources for the year then ended
- > have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland
- > have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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 report of trustees is inconsistent in any material respect with the financial statements
- > returns adequate for our audit have not been received from branches not visited by us
- > sufficient accounting records have not been kept by the parent charity
- > 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.

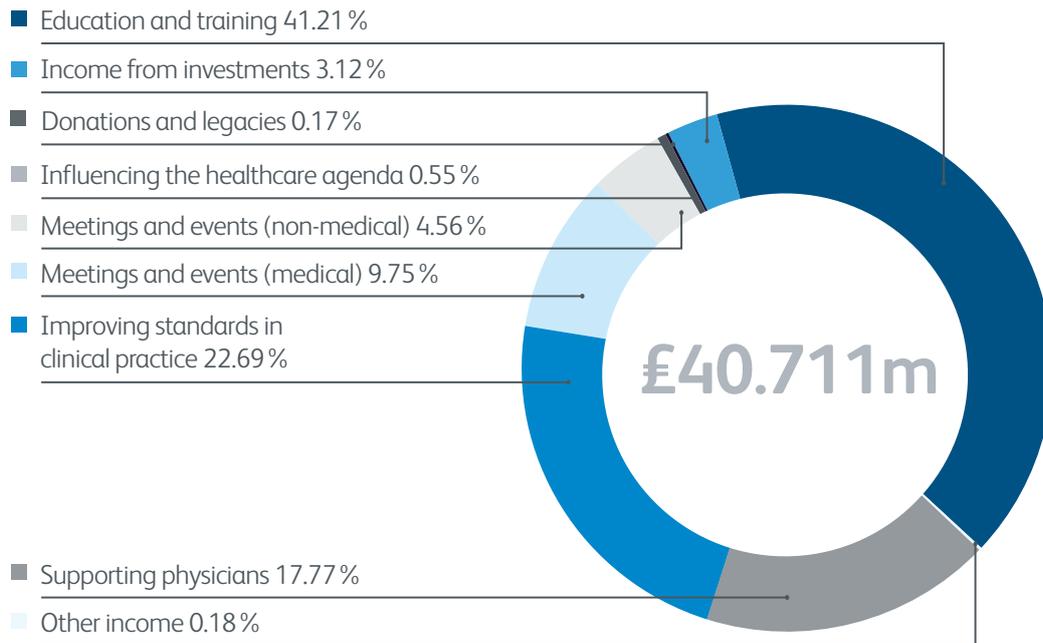
Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP, statutory auditor, London

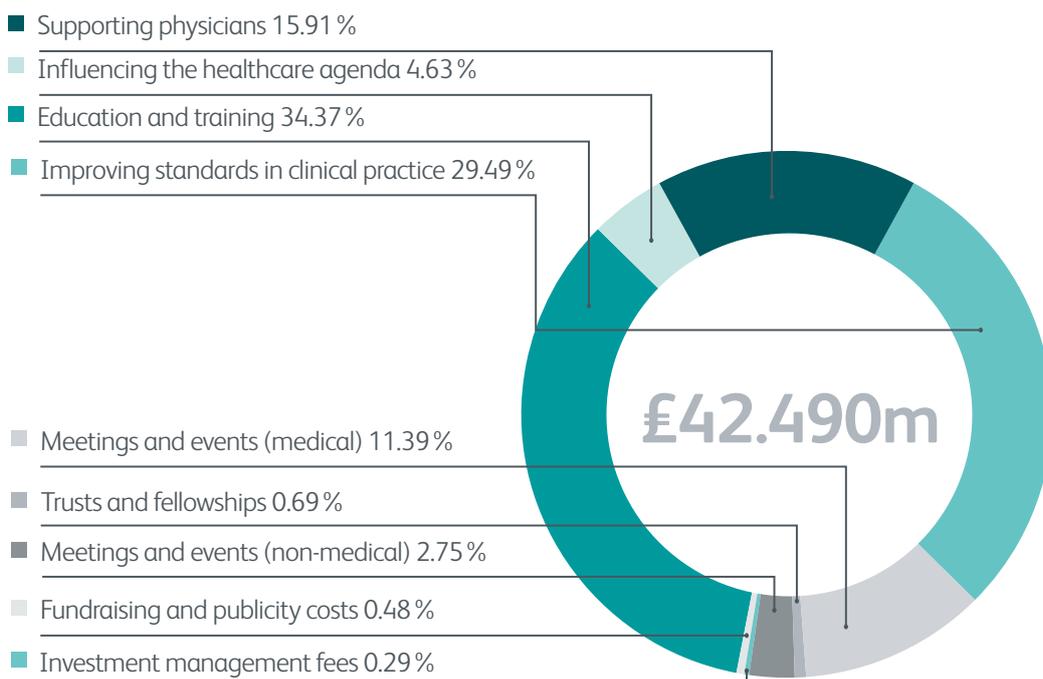
28 April 2017

Summary of income and expenditure 2016

Incoming resources £40.711 million



Resources expended £42.490 million



Consolidated statement of financial activities for the year ended 31 December 2016

| | Notes | Unrestricted funds | Restricted funds | Endowment funds | Total funds | |
|--|-------|--------------------|------------------|-----------------|----------------|-------------------------|
| | | | | | 31 Dec 2016 | As restated 31 Dec 2015 |
| | | £000 | £000 | £000 | £000 | £000 |
| Income and endowments from: | | | | | | |
| Donations and legacies | | 68 | - | - | 68 | 139 |
| Charitable activities: | | | | | | |
| Supporting physicians | 2 | 6,953 | 280 | - | 7,233 | 7,061 |
| Influencing the healthcare agenda | 3 | 51 | 173 | - | 224 | 124 |
| Education and training | 4 | 15,225 | 1,551 | - | 16,776 | 15,920 |
| Improving standards in clinical practice | 5 | 2,106 | 7,130 | - | 9,236 | 10,791 |
| Meetings and events (medical) | | 3,968 | - | - | 3,968 | 3,752 |
| Investment income | 6 | 893 | 34 | 348 | 1,275 | 1,112 |
| Trading income – Meetings and events (non-medical) | 21 | 1,858 | - | - | 1,858 | 1,825 |
| Other income | | 73 | - | - | 73 | 41 |
| Total income | | 31,195 | 9,168 | 348 | 40,711 | 40,765 |
| Expenditure on: | | | | | | |
| Raising funds | | | | | | |
| Fundraising and publicity costs | | 206 | - | - | 206 | 129 |
| Investment management fees | | 120 | - | - | 120 | 159 |
| Meetings and events (non-medical) | | 1,170 | - | - | 1,170 | 931 |
| | | 1,496 | - | - | 1,496 | 1,219 |
| Charitable activities | | | | | | |
| Supporting physicians | 7 | 6,397 | 364 | - | 6,761 | 5,598 |
| Influencing the healthcare agenda | 8 | 1,849 | 119 | - | 1,968 | 1,633 |
| Education and training | 9 | 13,066 | 1,536 | - | 14,602 | 14,119 |
| Improving standards in clinical practice | 10 | 4,532 | 7,998 | - | 12,530 | 11,707 |
| Meetings and events (medical) | | 4,839 | - | - | 4,839 | 6,036 |
| Trusts and Fellowships | | - | 8 | 286 | 294 | 210 |
| | | 30,683 | 10,025 | 286 | 40,994 | 39,303 |
| Total expenditure | 11 | 32,179 | 10,025 | 286 | 42,490 | 40,522 |
| Net operating result | | (984) | (857) | 62 | (1,779) | 243 |
| Net gains/(loss) on investment assets | | 4,358 | 116 | 1,123 | 5,597 | (378) |
| Net (expenditure)/income | | 3,374 | (741) | 1,185 | 3,818 | (135) |
| Transfers between funds | 17/18 | 215 | (125) | (90) | - | - |
| Actuarial gains/(losses) on defined benefit pension scheme | 22 | (2,884) | - | - | (2,884) | 1,165 |
| Net movement in funds for the year | | 705 | (866) | 1,095 | 934 | 1,030 |
| Funds brought forward at 1 Jan 2016 | 24 | 35,756 | 5,484 | 8,673 | 49,913 | 48,883 |
| Funds carried forward at 31 December 2016 | | 36,461 | 4,618 | 9,768 | 50,847 | 49,913 |

The notes on pages 37 to 56 form part of these financial statements

All of the above relate to the continuing activities of the group. There are no recognised gains and losses other than those shown above.

Consolidated and RCP balance sheets as at 31 December 2016

| | Notes | 2016 | | 2015 | |
|--|-------|-----------------|-----------------|------------------------------|----------------------------|
| | | Group £000 | RCP £000 | As restated Group £000 | As restated RCP £000 |
| Fixed assets | | | | | |
| Intangible assets | 13a | 2,298 | 2,298 | 2,347 | 2,347 |
| Tangible fixed assets | 13b | 10,563 | 10,563 | 10,392 | 10,392 |
| Investments | 14 | 47,180 | 47,180 | 41,447 | 41,447 |
| | | 60,041 | 60,041 | 54,186 | 54,186 |
| Current assets | | | | | |
| Stocks | | 154 | 154 | 161 | 161 |
| Debtors | 15 | 4,081 | 4,859 | 5,155 | 5,759 |
| Balance at bank: | | | | | |
| Investment accounts | | 4,035 | 3,431 | 4,166 | 3,562 |
| Cash | | 2,626 | 2,082 | 3,170 | 2,755 |
| | | 10,896 | 10,526 | 12,652 | 12,237 |
| Creditors | | | | | |
| Amounts falling due within 1 year | | | | | |
| Creditors and accrued expenses | 16 | (8,373) | (8,003) | (6,963) | (6,548) |
| Examination and other income received in advance | 16 | (4,366) | (4,366) | (4,835) | (4,835) |
| | | (12,739) | (12,369) | (11,798) | (11,383) |
| Net current assets/(liabilities) | | (1,843) | (1,843) | 854 | 854 |
| Provisions for liabilities and charges | | (72) | (72) | (72) | (72) |
| Net assets excluding pension liability | | 58,126 | 58,126 | 54,968 | 54,968 |
| Defined benefit pension scheme liability | 22 | (7,279) | (7,279) | (5,055) | (5,055) |
| Net assets including pension liability | 20 | 50,847 | 50,847 | 49,913 | 49,913 |
| Represented by | | | | | |
| Unrestricted funds: | | | | | |
| Designated funds | | | | | |
| Leasehold Replacement Fund | | 4,274 | 4,274 | 3,760 | 3,760 |
| Fixed and Intangible Assets Fund | | 12,861 | 12,861 | 12,739 | 12,739 |
| Legacies Development Fund | | 1,545 | 1,545 | 1,506 | 1,506 |
| Clinical Standards | | 491 | 491 | 276 | 276 |
| | | 19,171 | 19,171 | 18,281 | 18,281 |
| General charitable fund | | | | | |
| Less: Pension scheme liabilities | 22 | (7,279) | (7,279) | (5,055) | (5,055) |
| | | 17,290 | 17,290 | 17,475 | 17,475 |
| Total unrestricted | | 36,461 | 36,461 | 35,756 | 35,756 |
| Restricted | 18 | 4,618 | 4,618 | 5,484 | 5,484 |
| Endowment | 19 | 9,768 | 9,768 | 8,673 | 8,673 |
| | | 50,847 | 50,847 | 49,913 | 49,913 |

The notes on pages 37 to 56 form part of these financial statements

Approved for and on behalf of the RCP (Charity Registration No. 210508) on 10 April 2017 and authorised for issue.

President: Jane Dacre



Treasurer: Chuka Nwokolo



Consolidated statement of cash flow for the year ended 31 December 2016

| | | As restated | |
|---|---|--------------|--------------|
| | | 2016 | 2015 |
| | | £000 | £000 |
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | A | (404) | (345) |
| Dividends, interest and rents from investments | | 1,275 | 1,313 |
| Purchase of property, plant and equipment | | (977) | (905) |
| Purchase of intangible assets | | (433) | (642) |
| Proceeds from sale of investments | | 568 | 735 |
| Purchase of investments | | (704) | (860) |
| Net cash provided by (used in) investing activities | | (271) | (359) |
| | | | |
| Change in cash and cash equivalents in the reporting period | | (675) | (231) |
| Cash and cash equivalents at the beginning of the reporting period | B | 7,336 | 7,567 |
| Change in cash and cash equivalents due to exchange rate movements | | - | - |
| Cash and cash equivalents at the end of the reporting period | | 6,661 | 7,336 |

Notes to consolidated statement of cash flow for the year ended 31 December 2016

| | 2016 | As restated 2015 |
|---|--------------|---------------------|
| | £000 | £000 |
| A. Reconciliation of net income/(expenditure) to net cash flow from operating activities | | |
| Net movement in funds for the reporting period (as per the statement of financial activities) | 3,818 | (174) |
| Adjustments for: | | |
| Depreciation charges | 806 | 714 |
| Amortisation charges | 482 | 80 |
| Gains/(losses) on investments | (5,597) | 387 |
| Dividends, interest and rents from investments | (1,275) | (1,313) |
| (Gain)/Loss on valuation of defined benefit pension scheme | (660) | (267) |
| Decrease in stocks | 7 | 5 |
| (Increase)/decrease in debtors | 1,074 | (685) |
| Increase/(decrease) in creditors | 941 | 908 |
| Net cash provided by/(used in) operating activities | (404) | (345) |
| B. Analysis of cash and cash equivalents | | |
| Cash in hand | 2,626 | 3,170 |
| Notice deposits and investment accounts (less than 30 days) | 4,035 | 4,166 |
| Total cash and cash equivalents | 6,661 | 7,336 |

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

Charity information

The Royal College of Physicians (RCP) was established by royal charter in 1518. It is a registered with the Charity Commission for England and Wales. The charity registration number is 210508. RCP is a Public Benefit Entity and its registered office is 11 St Andrews Place, London, NW1 4LE.

Basis of preparation

The consolidated financial statements comprise the financial statements of RCP, and its subsidiary undertaking, RCP Regent's Park Limited, on a line by line basis and adjusted for the elimination of inter-group transactions and balances.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair view' and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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, rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

The functional currency of RCP and its subsidiary entity is considered to be GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in GBP.

RCP constitutes a public benefit entity as defined by FRS 102.

The financial statements are drawn up on the historical accounting basis, except that investments held as fixed assets are carried at market value.

Going concern

After making enquiries, the trustees consider that the RCP has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the report of trustees on page 18.

Income

Subscriptions income, admission fees, grants and donations are accounted for once there is entitlement, probability of receipt and can be reliably measured. Legacies are accounted for when there is adequate probability over entitlement, amount and receipt. Investment income is recognised when due except for dividends which are accounted for on receipt. Income is deferred only when conditions have to be fulfilled before RCP becomes entitled to it or where the donor has specified that the income is to be expended in the future period. In the case of membership subscriptions and examination admissions any receipt in respect of future years is shown as deferred income.

Expenditure

All expenditure is accounted for under the accruals concept and stated gross of irrecoverable VAT. All costs are allocated to the charitable cost centres on an actual basis, with the exception of administration costs which are allocated on the following basis:

- secretariat and finance: proportion of total time spent
- human resources: number of staff in the cost centres
- buildings and office services: square footage of office space occupied.

Salaries are allocated according to the nature of work performed by each member of staff.

Governance costs comprise the costs incurred, which are directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

Rentals for leased assets held under the terms of operating leases are charged directly to the statement of financial activities (SOFA) over the term of the lease.

Tangible and intangible fixed assets

No 11 St Andrews Place, a leasehold property held under a 99-year lease expiring in 2060 and Nos 1–10 St Andrews Place, leasehold properties held under a lease that expires in 2084, are being depreciated over 49 years from the commencement of the respective leases. The cost of additions to existing structures has been depreciated, concurrently, over the remaining life of the leases. Equipment, intangible assets, furniture and fixtures are capitalised when the cost of a single item exceeds £15,000. These capital costs are depreciated and intangible assets amortised by equal instalments over their anticipated useful lives, at rates between 5% and 25%. Depreciation and amortisation is allocated to the departments within the RCP on the basis of area occupied. No depreciation or amortisation is charged in the year of purchase or acquisition, or on assets in the course of construction.

Collections

In addition to the capitalised fixed assets held for the RCP's own use, the RCP also has a number of assets of historical interest. These comprise learned publications and a unique collection of busts and portraits, together with other objects, whose intrinsic value is also bound up with the RCP's history. The trustees consider that the significant administrative expenses incurred in deriving a reliable cost for the capitalisation of these items would exceed the usefulness of such information to the user of the financial statements.

Investments

Investments are stated in the balance sheet at the mid-market value at the balance sheet date. Realised gains or losses are calculated by reference to disposal proceeds and either opening market value or cost if acquired during the year.

Stock

Stock is valued at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, cash held for reinvestment and short term deposits.

Pensions

The RCP has two pension schemes, one providing defined benefits based on final salary, the other providing benefits based on defined contributions invested with Standard Life. The pension costs for the defined contribution scheme are charged to the statement of financial activities as they become payable in accordance with FRS 102. The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary.

The defined benefit pension scheme current service costs and the net of the scheme interest cost and the expected return on the scheme assets for the year are charged to the statement of financial activities within superannuation costs. Actuarial gains and losses are recognised within other recognised gains and losses.

The defined benefit pension scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

Taxation

The RCP is eligible for the tax exemptions available for charitable activities.

Unrestricted funds

These funds are received and applied to achieve the general objectives of the RCP.

Designated funds

Designated funds are unrestricted funds set aside by the trustees for specific future purposes or projects. The movement on these funds are analysed in note 17.

Restricted funds

Restricted funds are subject to specific conditions laid down by the donors as to how they may be used. Note 18 gives details of these funds.

Endowment funds

Endowment funds relate to bequests and gifts to the RCP, the terms of which stipulate that the capital may not be spent, and the income is to be utilised to meet the costs of awards, lectures and other RCP expenditure. Movements in these funds are shown in note 19.

Total return accounting

The trustees of the RCP applied to the Charity Commission in January 2012 for authorisation to enable the permanent endowments within the RCP trust funds to be invested on a total return basis as this would facilitate a better return on investments, without prejudicing the investment management policy.

Upon receiving the requisite order from the Charity Commission on 6 February 2012 the RCP trust fund committee approved the base date for the commencement of the total return investment policy to be 30 September 1988. The permanent endowments in note 19 of the financial statements have been recalculated as at the above date.

Critical accounting judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – the charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 22.

Financial instruments

Financial assets and financial liabilities are recognised when the RCP becomes a party to the contractual provisions of the instrument. Additionally all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, short-term investments together with accrued interest and other debtors. Financial liabilities held at amortised costs comprise other creditors and accruals.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Comparative statement of financial activities for 2015

| | Notes | Unrestricted funds | Restricted funds | Endowment funds | Total funds 31 Dec 2015 |
|--|-------|--------------------|------------------|-----------------|-------------------------------|
| | | £000 | £000 | £000 | £000 |
| Income and endowments from: | | | | | |
| Donations and legacies | | 104 | 35 | - | 139 |
| Charitable activities: | | | | | |
| Supporting physicians | 2 | 6,822 | 239 | - | 7,061 |
| Influencing the healthcare agenda | 3 | 124 | - | - | 124 |
| Education and training | 4 | 14,322 | 1,598 | - | 15,920 |
| Improving standards in clinical practice | 5 | 2,005 | 8,786 | - | 10,791 |
| Meetings and events (medical) | | 3,752 | - | - | 3,752 |
| Investment income | 6 | 767 | 70 | 275 | 1,112 |
| Trading income – Meetings and events (non-medical) | 21 | 1,825 | - | - | 1,825 |
| Other income | | 41 | - | - | 41 |
| Total income | | 29,762 | 10,728 | 275 | 40,765 |
| Expenditure on: | | | | | |
| Raising funds | | | | | |
| Fundraising and publicity costs | | 129 | - | - | 129 |
| Investment management fees | | 117 | 5 | 37 | 159 |
| Meetings and events (non-medical) | | 931 | - | - | 931 |
| | | 1,177 | 5 | 37 | 1,219 |
| Charitable activities | | | | | |
| Supporting physicians | 7 | 5,362 | 236 | - | 5,598 |
| Influencing the healthcare agenda | 8 | 1,633 | - | - | 1,633 |
| Education and training | 9 | 12,391 | 1,728 | - | 14,119 |
| Improving standards in clinical practice | 10 | 2,749 | 8,958 | - | 11,707 |
| Meetings and events (medical) | | 6,036 | - | - | 6,036 |
| Trusts and Fellowships | | - | 19 | 191 | 210 |
| | | 28,171 | 10,941 | 191 | 39,303 |
| Total expenditure | 11 | 29,348 | 10,946 | 228 | 40,522 |
| Net operating result | | 414 | (218) | 47 | 243 |
| Net gains/(loss) on investment assets | | (272) | (22) | (84) | (387) |
| Net (expenditure)/income | | 142 | (240) | (37) | (135) |
| Transfers between funds | | 92 | (97) | 5 | - |
| Actuarial gains/(losses) on defined benefit pension scheme | 22 | 1,165 | - | - | 1,165 |
| Net movement in funds for the year | | 1,399 | (337) | (32) | 1,030 |
| Funds brought forward at 1 Jan 2015 | 24 | 34,357 | 5,821 | 8,705 | 48,883 |
| Funds carried forward at 31 December 2015 | | 35,756 | 5,484 | 8,673 | 49,913 |

Notes to the financial statements continued

Incoming resources

| | Unrestricted | Restricted/ endowment | 2016 | As restated 2015 |
|---|---------------|--------------------------|---------------|---------------------|
| | £000 | £000 | £000 | £000 |
| 2 Supporting physicians | | | | |
| Membership | 4,961 | - | 4,961 | 4,605 |
| Professional Affairs | 2 | 140 | 142 | 261 |
| Publications | 1,279 | - | 1,279 | 1,252 |
| UK Regional Offices | 327 | - | 327 | 392 |
| International | 384 | 140 | 524 | 551 |
| | 6,953 | 280 | 7,233 | 7,061 |
| 3 Influencing the healthcare agenda | | | | |
| External Communications | 33 | 123 | 156 | 108 |
| Medical Workforce Unit | 18 | 50 | 68 | 16 |
| | 51 | 173 | 224 | 124 |
| 4 Education and training | | | | |
| Education and conferences | 2,426 | 60 | 2,486 | 2,558 |
| MRCP(UK) examinations | 10,717 | - | 10,717 | 10,366 |
| Physicians Training Board | 1,727 | 260 | 1,987 | 1,538 |
| Information Centre | 140 | 12 | 152 | 70 |
| Continuing professional development | 215 | - | 215 | 200 |
| Faculty of Medical Leadership and Management | - | 1,219 | 1,219 | 1,188 |
| | 15,225 | 1,551 | 16,776 | 15,920 |
| 5 Improving standards in clinical practice | | | | |
| National Guideline Centre | - | 3,476 | 3,476 | 4,410 |
| Clinical Standards | 1,947 | 3,654 | 5,601 | 6,282 |
| Invited Service Reviews | 159 | - | 159 | 99 |
| | 2,106 | 7,130 | 9,236 | 10,791 |
| 6 Investment income | | | | |
| Dividends | 204 | 110 | 314 | 577 |
| Interest on investments | 666 | 272 | 938 | 718 |
| Interest on deposits | 23 | - | 23 | 18 |
| | 893 | 382 | 1,275 | 1,313 |

Notes to the financial statements continued

Resources expended

| | Unrestricted | Restricted/ Endowment | 2016 | As restated 2015 |
|--|---------------|--------------------------|---------------|---------------------|
| | £000 | £000 | £000 | £000 |
| 7 Supporting physicians | | | | |
| President's Office | 136 | - | 136 | 259 |
| Membership | 1,288 | 82 | 1,370 | 581 |
| Professional Affairs | 1,458 | 11 | 1,469 | 1,755 |
| Publications | 1,761 | - | 1,761 | 1,417 |
| UK Regional Offices | 859 | - | 859 | 662 |
| International | 895 | 271 | 1,166 | 924 |
| | 6,397 | 364 | 6,761 | 5,598 |
| 8 Influencing the healthcare agenda | | | | |
| Committees | 122 | - | 122 | 53 |
| External Communications | 1,460 | 98 | 1,558 | 1,224 |
| Medical Workforce Unit | 267 | 21 | 288 | 291 |
| Europe | - | - | - | 65 |
| | 1,849 | 119 | 1,968 | 1,633 |
| 9 Education and training | | | | |
| Education and conferences | 3,072 | 51 | 3,123 | 3,038 |
| MRCP(UK) Examinations | 7,163 | - | 7,163 | 6,356 |
| Physicians Training Board | 1,346 | 271 | 1,617 | 1,793 |
| Information Centre | 1,309 | 4 | 1,313 | 1,447 |
| Continuing professional development | 176 | - | 176 | 206 |
| Faculty of Medical Leadership and Management | - | 1,210 | 1,210 | 1,279 |
| | 13,066 | 1,536 | 14,602 | 14,119 |
| 10 Improving standards in clinical practice | | | | |
| National Guideline Centre | 1,053 | 3,664 | 4,717 | 4,736 |
| Clinical Standards | 3,423 | 4,334 | 7,757 | 6,937 |
| Patient Involvement | - | - | - | 20 |
| Invited Service Reviews | 56 | - | 56 | 14 |
| | 4,532 | 7,998 | 12,530 | 11,707 |

Notes to the financial statements continued

| 11 Total resources expended | Direct costs | Staff costs | Other support costs | Total 2016 | As restated Total 2015 |
|--|---------------|---------------|---------------------|---------------|------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost of generating funds | | | | | |
| Fundraising and publicity costs | 206 | - | - | 206 | 129 |
| Investment management fees | 120 | - | - | 120 | 159 |
| Meetings and events (non-medical) | 1,170 | - | - | 1,170 | 931 |
| Charitable expenditure | | | | | |
| Supporting physicians | 1,729 | 3,119 | 1,913 | 6,761 | 5,598 |
| Influencing the healthcare agenda | 545 | 1,165 | 258 | 1,968 | 1,633 |
| Education and training | 3,039 | 5,758 | 5,805 | 14,602 | 14,119 |
| Improving standards in clinical practice | 2,759 | 6,574 | 3,197 | 12,530 | 11,707 |
| Meetings and events (medical) | 2,821 | 1,105 | 913 | 4,839 | 6,036 |
| Trusts and Fellowships | 294 | - | - | 294 | 210 |
| Total for 2016 | 12,683 | 17,721 | 12,086 | 42,490 | 40,522 |
| Total for 2015 | 13,813 | 16,892 | 9,817 | 40,522 | |
| | | | | 2016 | 2015 |
| | | | | £000 | £000 |
| The analysis of other support costs is as follows: | | | | | |
| Administrative overheads | | | | 1,249 | 1,018 |
| Information technology costs | | | | 2,072 | 1,315 |
| Building overheads | | | | 2,980 | 2,305 |
| Travel, meetings, subscriptions and journals | | | | 1,064 | 797 |
| Governance costs | | | | 102 | 105 |
| Other costs, including staff costs of central services | | | | 4,619 | 4,277 |
| | | | | 12,086 | 9,817 |

Governance costs include fees payable to the auditors for audit fees of £39k (2015: £38k) and non-audit services of £6k (2015: £17k), the remaining balance is in relation governance costs incurred for the Council and AGM meetings.

Notes to the financial statements continued

| 12 Employees and trustees | 2016 | 2015 |
|---|---------------|---------------|
| The average number of employees in the year was: | 418 | 379 |
| The number of employees whose emoluments exceeded £60,000 were: | | |
| £60,001–£70,000 | 6 | 6 |
| £70,001–£80,000 | 5 | 6 |
| £80,001–£90,000 | 2 | 2 |
| £90,001–£100,000 | 4 | 2 |
| £100,001–£110,000 | 1 | 1 |
| £110,001–£120,000 | 1 | 2 |
| £130,001–£140,000 | 1 | - |
| £150,001–£160,000 | - | - |
| | 2016 | 2015 |
| The total costs of salaries and wages were as follows: | £000 | £000 |
| Salaries and wages | 14,842 | 14,164 |
| Social security costs | 1,488 | 1,464 |
| Pension costs | 1,391 | 1,264 |
| | 17,721 | 16,892 |

The above noted employees were also considered to be key management personnel due to their responsibilities and authority for planning, directing and controlling the activities of the charity.

The total aggregated amount of employee benefits (including pension contributions) received by the key management personnel during the year was £1,894k (2015: £1,792k). 19 (2015: 19) of the above employees are members of the defined contribution pension scheme and 4 (2015: 4) of the above employees are members of the defined benefit pension scheme, which is now closed. Contributions paid into the defined contribution pension scheme for the employees for the year was £211k (2015: £209k).

During the year, termination payments totalling £42k were paid to five employees, who left employment with the RCP in 2016.

Payments made to trustees were as follows: travel expenses totalling £26k (2015: £46k) were paid to 10 trustees (2015: 10) of which £23k related to the expenses of appointed college officers carrying out their day-to-day duties for the RCP. A payment of £15,067 was made to the departing clinical vice president, Dr Anita Donley, for ongoing services provided by her to the RCP; the payment was approved by the Board of Trustees and included no other benefits.

No other trustees received any remuneration from the RCP in the current or preceding years.

Notes to the financial statements continued

| 13a | Intangible assets (Group and RCP) | Membership module | SSP Project | Assets in the course of construction | Total 2016 |
|-----|---|-------------------|--------------|--------------------------------------|--------------|
| | | £000 | £000 | £000 | £000 |
| | Cost at 1 January 2016 | 402 | 2,007 | 18 | 2,427 |
| | Additions | - | - | 433 | 433 |
| | Cost at 31 December 2016 | 402 | 2,007 | 451 | 2,860 |
| | Accumulated depreciation at 1 January 2016 | (80) | - | - | (80) |
| | Amortisation charge for the year | (81) | (401) | - | (482) |
| | Accumulated depreciation at 31 December 2016 | (161) | (401) | - | (562) |
| | Net book value at 31 December 2016 | 241 | 1,606 | 451 | 2,298 |
| | Net book value at 31 December 2015 | 322 | 2,007 | 18 | 2,347 |

Assets in the course of construction relate to system infrastructure investments and the development of mobile applications for future use.

| 13b | Tangible fixed assets (Group and RCP) | Leasehold properties | Furniture and equipment | Total 2016 |
|-----|---|----------------------|-------------------------|-----------------|
| | | £000 | £000 | £000 |
| | Cost at 1 January 2016 | 19,812 | 1,818 | 21,630 |
| | Additions | 732 | 245 | 977 |
| | Cost at 31 December 2016 | 20,544 | 2,063 | 22,607 |
| | Accumulated depreciation at 1 January 2016 | (10,452) | (786) | (11,238) |
| | Depreciation for the year | (605) | (201) | (806) |
| | Accumulated depreciation at 31 December 2016 | (11,057) | (987) | (12,044) |
| | Net book value at 31 December 2016 | 9,487 | 1,076 | 10,563 |
| | Net book value at 31 December 2015 | 9,360 | 1,032 | 10,392 |

| 14 | Investments (Group and RCP) | -----Unrestricted----- | | | | Total | |
|----|---|------------------------|---------------|--------------|--------------|---------------|-------------------------|
| | | Leasehold | General | Restricted | Endowment | 2016 | As restated 2015 |
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| | Market value at 1 January 2016 | 3,760 | 28,526 | 1,676 | 7,485 | 41,447 | 41,700 |
| | Additions at cost | 181 | 523 | - | - | 704 | 860 |
| | Disposals | - | (568) | - | - | (568) | (735) |
| | Gains | 333 | 4,025 | 116 | 1,123 | 5,597 | (378) |
| | Total investments at 31 December 2016 | 4,274 | 32,506 | 1,792 | 8,608 | 47,180 | 41,447 |
| | Historical cost as at 31 December 2016 | 3,394 | 24,323 | 774 | 6,524 | 35,015 | 35,101 |
| | The above investments are held as follows: | | | | | 2016 | As restated 2015 |
| | | | | | | £000 | £000 |
| | Listed on UK stock exchange | | | | | 26,054 | 23,082 |

Notes to the financial statements continued

| 17 Unrestricted funds | -----Designated----- | | | | Unrestricted General | Total |
|--|----------------------------------|---|---------------------------------|-----------------------|-------------------------|---------------|
| | Leasehold replacement fund | Fixed and intangible assets fund | Legacies development fund | Clinical standards | | |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Net incoming resources for the year before transfers and gains | - | - | 39 | - | (1,023) | (984) |
| Leasehold replacement fund | | | | | | |
| Transfers from general funds and additions to portfolio | 181 | - | - | - | (181) | - |
| Clinical standards | | | | | | |
| Transfers from restricted funds | - | - | - | 370 | - | 370 |
| Transfers to restricted funds | - | - | - | (130) | - | (130) |
| National Clinical Guidelines Transfer to restricted funds | | | | (7) | | (7) |
| External Communications Transfer to restricted funds | | | | (18) | | (18) |
| Fixed and intangible assets fund | | | | | | |
| Projects capitalised this year | | 1,410 | - | - | (1,410) | - |
| Amortisation of intangible assets | - | (806) | - | - | 806 | - |
| Depreciation of assets | - | (482) | - | - | 482 | - |
| Net incoming / (outgoing) resources for the year after transfers | 181 | 122 | 39 | 215 | (1,326) | (769) |
| Gains on investments | 333 | - | - | - | 4,025 | 4,358 |
| Actuarial losses on defined benefit scheme | - | - | - | - | (2,884) | (2,884) |
| Net movement in funds | 514 | 122 | 39 | 215 | (185) | 705 |
| Brought forward as at 1 January 2016 | 3,760 | 12,739 | 1,506 | 276 | 17,475 | 35,756 |
| Carried forward as at 31 December 2016 | 4,274 | 12,861 | 1,545 | 491 | 17,290 | 36,461 |

Leasehold replacement fund – this represents funds earmarked and invested separately by the RCP as security against the declining value of leases and £208k being part of a legacy received in 2001 and 2002 and designated by the trustees to this fund. A further £70k is being transferred from general funds annually.

Fixed and intangible assets fund – this represents the net book value of the RCP's fixed and intangible assets.

Legacies development fund – unrestricted legacies received in the year of £39k were incorporated with the £1,506k brought forward from previous years.

Clinical standards – funds remaining on completed projects have been designated with the aim of expanding the work carried out by this department. It is expected that these funds will be used within the next year.

Clinical standards transfers relate to:

Surplus funds of £70k made in respect to closed projects have been transferred to the RCP's general funds for future use. An additional transfer of £155k was made from general funds to cover deficit projects held within restricted funds.

Notes to the financial statements continued

| 18 Restricted funds | Balance at 01.01.2016 | Income and net gains | Expenses | Transfers | Balance at 31.12.2016 |
|---|--------------------------|----------------------------|-----------------|--------------|--------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Clinical Standards | 2,931 | 3,654 | (4,334) | (240) | 2,011 |
| Education | 404 | 332 | (326) | - | 410 |
| National Guideline Centre | 181 | 3,476 | (3,664) | 7 | - |
| Faculty of Medical Leadership and Management | 769 | 1,219 | (1,210) | - | 778 |
| International | 136 | 140 | (271) | - | 5 |
| Professional Affairs (Faculty of Physicians Associates) | 93 | 140 | (93) | - | 140 |
| Fundraising donations | 35 | - | - | - | 35 |
| Women in Medicine | - | 50 | (21) | - | 29 |
| External Communications | - | 123 | (98) | 18 | 43 |
| Dr Everley-Jones legacy | 490 | 87 | (3) | - | 574 |
| Harold Thomas Barten Trust | 77 | 14 | - | - | 91 |
| Overseas Doctors Training Fund | 18 | 3 | - | - | 21 |
| Frank Peacock Bequest | 47 | 8 | - | - | 55 |
| Catherine Mills Bequest | 53 | 9 | (1) | - | 61 |
| The Cotton Trust | 40 | - | - | 44 | 84 |
| The London Fever Hospital Fund | 4 | - | - | 3 | 7 |
| The Saltwell Will Trust Research Branch | 21 | - | - | 38 | 59 |
| Will Edmunds Clinical Research Trusts | 5 | - | (1) | 5 | 9 |
| 14 other funds balances below £40,000 | 180 | 29 | (3) | - | 206 |
| | 5,485 | 9,284 | (10,025) | (125) | 4,618 |

Funds with closing balances over £100k are as follows:

The grants for Clinical Standards, Education, National Guideline Centre, Professional Affairs and International are received in respect for specific projects.

Faculty of Medical Leadership and Management income and expenditure are restricted for the anticipated transfer to a separate legal entity in the future.

The Dr Everley-Jones legacy was received from the estate of Dr Everley-Jones, to be used in the field of communication in medicine in its broadest sense, encompassing all aspects of information technology.

Notes to the financial statements continued

| 19 | Endowment funds | As restated Unapplied Total return 01/01/2016 | Income and gains | Conversion to income | Transfer | Unapplied total return 31/12/2016 | 'Frozen' permanent capital | Total endowment |
|----|---|--|---------------------|-------------------------|-------------|---|----------------------------------|--------------------|
| | | £000 | £000 | £000 | | £000 | £000 | £000 |
| | Bradshaw Trust | 174 | 57 | (15) | | 216 | 143 | 359 |
| | Eden Fellowship in Paediatrics | 802 | 168 | (37) | | 933 | 142 | 1,075 |
| | John Rosser Scholarship | 10 | 9 | - | | 19 | 42 | 61 |
| | Joseph Senior White Trust | 42 | 38 | (64) | | 16 | 161 | 177 |
| | Lewis Thomas Gibbon Jenkins-Briton Ferry | 695 | 346 | (39) | | 1,002 | 1,250 | 2,252 |
| | ORL Wison Bequest | 65 | 19 | (1) | | 83 | 44 | 127 |
| | James Maxwell Grant Proffit Bequest | 263 | 143 | (8) | | 398 | 539 | 937 |
| | Sadleir Trust | 239 | 58 | (2) | | 295 | 91 | 386 |
| | Samuel Leonard Simpson Fellowship | 386 | 119 | (3) | | 502 | 280 | 782 |
| | T K Stubbins bequest | 25 | 23 | (4) | | 44 | 104 | 148 |
| | Watson Smith Trust | 480 | 172 | (104) | | 548 | 470 | 1,018 |
| | William Withering Prize | 86 | 22 | (1) | | 107 | 38 | 145 |
| | Dr J D Ramsay Scholarship | 25 | 10 | (1) | | 34 | 30 | 64 |
| | Graham Bull Prize | 30 | 10 | (1) | | 39 | 25 | 64 |
| | Sir Michael Perrin Lecture | 52 | 11 | - | | 63 | 12 | 75 |
| | Lady Teale Lecture | 57 | 18 | (1) | | 74 | 44 | 118 |
| | Dr Samuel Gee's Endowment Fund | 48 | 13 | - | | 61 | 26 | 87 |
| | John Glyn | 53 | 24 | (3) | | 74 | 80 | 154 |
| | Dame Sheila Kift Bequest | 15 | 9 | - | | 24 | 38 | 62 |
| | 16 other funds with balances below £40,000 | 101 | 34 | (2) | | 133 | 83 | 216 |
| | | 3,648 | 1,303 | (286) | | 4,665 | 3,642 | 8,307 |
| | Funds not included in total return: | | | | | | | |
| | Thomas Cotton Fund | - | 44 | - | (44) | - | - | 140 |
| | The London Fever Hospital Research Fund | - | 13 | - | (3) | 10 | 129 | 139 |
| | Saltwell Will Trust Research Branch | 10 | 93 | - | (38) | 65 | 713 | 778 |
| | Will Edmunds Clinical Research Fund | 2 | 18 | - | (5) | 15 | 389 | 404 |
| | | 3,660 | 1,471 | (286) | (90) | 4,755 | 4,873 | 9,768 |

RCP received a total return order from the Charity Commission, dated 6 February 2012, which enables the trustees to decide which part of the unapplied total return from the investment of the charity's permanent endowments should be held on trust for application for the purposes of the charity.

Notes to the financial statements continued

Funds with closing balances over £300k are as follows:

- The Bradshaw Trust was founded by a bequest from Mrs Sally Hall Bradshaw by her will of 1875, in memory of her husband Dr William Wood Bradshaw MRCP FRCS (1800–66): £1,000 to endow an annual lecture on a subject connected with medicine or surgery. The lecturer is appointed by the president: the honorarium is £20.
- The Eden Fellowship in Paediatrics was established in 1947 from the estate of Dr Thomas Watts Eden, to establish and maintain travelling fellowships for the study of childhood in health and disease.
- The Lewis Thomas Gibbon Jenkins of Briton Ferry Memorial Trust was received by the RCP in November 1998 from the executors of Mrs Nancy Crawshaw's will. The capital is to remain intact for a minimum of 21 years after her death. The income is to be applied for the promotion of medical research connected with a physical disorder prevalent in Wales.
- The James Maxwell Grant Proffit Trust was received in November 1998. The endowment is an addition to the Proffit Bequest and as with the original bequest the fund is to be devoted to the promotion and furthering of research work concerning the nature, causes, prevention, treatment and cure of tuberculosis.
- The Samuel Leonard Simpson Fellowship was founded in 1984 by a gift of shares/stocks from Mrs HM Simpson in memory of her husband Dr Samuel Leonard Simpson FRCP (1900–1983) for a travelling scholarship in endocrinology.
- The Watson Smith Trust was a bequest from Dr Sydney Watson Smith FRCP in memory of his wife and himself, to endow an annual lecture and medical research fellowship.
- The Sadleir Trust was established by a bequest from Lady Sadleir, wife of Sir Edwin Sadleir Bt and widow of Dr William Croone (1633–84), fellow of the RCP, to provide for the two annual lectures Dr Croone had planned, but for which he had made no endowment: one to be read before the Royal College of Physicians by a Fellow of the College, with a sermon to be preached at St Mary-le-Bow; the other on the nature and laws of muscular motion to be delivered before the Royal Society.
- The Cotton Trust was founded by a bequest from Dr Thomas Forrest Cotton FRCP (1884–1965), in memory of Sir William Osler Bt FRCP FRS (1849–1919). The legacy, received in 1968, is invested and managed by the trustees of The Royal Trust Corporation of Canada/The Royal Trust Company, and the income is paid to RCP.

During the year the following funds have been included as endowed funds, further details of the prior year adjustment can be found in note 25 to these accounts.

- The London Fever Hospital Research Fund was established in 1947 for the trustees in the encouragement of or reward for advances in the prevention, treatment and housing of infectious diseases.
- Saltwell Will Trust Research Branch was established for the income generated to be used to aid research work in connection with and the cure and prevention of cancer, rheumatism, malaria and morbid conditions of the prostate gland.
- Will Edmunds Clinical Research Fund was established in 1925 to award a fellowship in clinical research in hospitals in the Metropolitan area of London. The research must concern diseases usually treated at a general hospital, excluding tropical and rare diseases.

Notes to the financial statements continued

| 20 Analysis of group net assets after pension scheme liability | | | | | | |
|--|----------------------------|--------------------------------|---------------|---|---------------|------------------|
| | | | | | Total | |
| | | Intangible and tangible assets | Investments | Net current assets inc. pension liability | 2016 | As restated 2015 |
| | | £000 | £000 | £000 | £000 | £000 |
| Unrestricted: | | | | | | |
| Designated | Leasehold Replacement Fund | - | 4,274 | - | 4,274 | 3,760 |
| | Fixed Assets Fund | 12,861 | - | - | 12,861 | 12,739 |
| | Legacies Development Fund | - | - | 1,545 | 1,545 | 1,506 |
| | Clinical Standards | - | - | 491 | 491 | 276 |
| | | 12,861 | 4,274 | 2,036 | 19,171 | 18,281 |
| General funds | | - | 32,506 | (15,216) | 17,290 | 17,475 |
| | | 12,861 | 36,780 | (13,180) | 36,461 | 35,756 |
| Restricted | | - | 1,792 | 2,826 | 4,618 | 5,484 |
| Endowment | | - | 8,608 | 1,160 | 9,768 | 8,673 |
| | | 12,861 | 47,180 | (9,194) | 50,847 | 49,913 |

Notes to the financial statements continued

| 21 Trading subsidiary – The RCP Regent’s Park Limited | | |
|---|-------------|-------------|
| The trading results and balance sheet of the RCP subsidiary company as extracted from its audited accounts are set out below. | | |
| | 2016 | 2015 |
| Profit and loss account | £000 | £000 |
| Turnover | 1,858 | 1,825 |
| Cost of sales | (873) | (976) |
| Gross profit | 985 | 849 |
| Administrative expenses | (297) | (250) |
| Operating profit | 688 | 599 |
| Gift aid to Royal College of Physicians | (688) | (599) |
| Retained profit for the financial year | - | - |
| Included within operating costs is £296k (2015: £298k), which represents a reimbursement in respect of costs incurred by the RCP. | | |
| | 2016 | 2015 |
| Balance sheet | £000 | £000 |
| Debtors | 93 | 81 |
| Balance at bank | 1,147 | 1,019 |
| Current and total assets | 1,240 | 1,100 |
| Creditors due within 1 year: | | |
| due to the RCP | (868) | (685) |
| other | (372) | (414) |
| Total creditors | (1,240) | (1,099) |
| Net assets | £1 | £1 |
| Capital and reserves | | |
| Called up share capital | £1 | £1 |
| Shareholders' funds | £1 | £1 |

The RCP’s wholly owned trading subsidiary, The RCP Regent’s Park Limited, was incorporated on 17 September 2001.

The operating profit for the year ended 31 December 2016 of £688K (2015: £599k) will be gift-aided by the company to the RCP.

The principal activity of the company is to organise, provide facilities for and hold conferences, seminars, courses of instruction, demonstrations, lectures, exhibitions, private dinners and functions.

Notes to the financial statements continued

22 Pension schemes

Total pension costs charged for the year were £54k (2015: £40k) for the defined benefit pension scheme and employer pension contributions of £1,391k (2015: £1,264k) for the defined contribution pension scheme.

The contribution rate for the defined contribution scheme is determined by the members' age bands with incremental rates for older members.

The defined benefit pension scheme is closed to new members and closed to future accrual. There is no further salary linkage. For the purposes of FRS 102 the valuation of the defined benefits scheme has been calculated under FRS 102 as at 31 December 2016 by a qualified actuary.

The valuation, details of which are given below, shows £15.7 million of assets and £22.9 million of liabilities. The deficit of £7.28 million represents an increase of £2.2 million compared to 2015. There is mostly due to actuarial adjustments.

The scheme's assets and liabilities as at 31 December 2016, analysis of pension costs and details of the valuation were as follows:

| Principal assumptions | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | % per annum |
| Discount rate | 2.7 | 3.7 | 3.5 | 4.6 | 4.6 |
| Aggregate long-term expected rate of return on assets | 2.7 | 3.7 | 3.5 | 6.0 | 5.3 |
| Rate of increase of salaries | n/a | n/a | n/a | n/a | n/a |
| RPI inflation assumption for pensions in payment | 3.6 | 3.4 | 3.3 | 3.7 | 3.0 |
| CPI inflation assumption for deferred pensions | 2.6 | 2.4 | 2.5 | 2.8 | 2.2 |
| Pension increases | 3.4 | 3.3 | 3.3 | 3.7 | 3.0 |
| Pension commencement lump sum taken at retirement | 18.75% of benefit value |

Mortality tables: 90% of S1PMA (males) and 90% of S1PFA (females) tables using CMI 2014 projections with a 1.2% long-term rate of improvement based on year of birth.

The assets valued below are in the form of monies invested with Standard Life, Newton Investment Management and Legal and General Investment Management, together with the trustees' bank account. The assets in the scheme and the expected rate of return were:

| Assets breakdown | 2016 | 2015 |
|---------------------------------------|------------|------------|
| | % | % |
| Real return and absolute return funds | 52.9 | 58.7 |
| UK Government Index-linked gilts | 34.2 | 30.3 |
| UK Corporate bonds | 10.0 | 10.3 |
| Hedge funds | 0.1 | 0.1 |
| Other | 0.0 | 0.0 |
| Cash | 2.8 | 0.6 |
| Total market value of assets | 100 | 100 |

The pension scheme has not invested in any of Royal College of Physicians' own financial instruments, nor in properties or other assets used by the Royal College of Physicians. The assets are all quoted in an active market.

Notes to the financial statements continued

22 Pension schemes continued

| Movement in deficit during the year | 2016 | 2015 |
|--|----------------|----------------|
| | £000 | £000 |
| Pension scheme liability at the beginning of the year | (5,055) | (6,487) |
| Actuarial losses and gains on present value of obligations | (3,817) | 1,515 |
| Gains/(losses) on return of scheme assets | 933 | (350) |
| | (2,884) | 1,165 |
| Employer contributions | 831 | 485 |
| Net interest on the net defined benefit liability | (173) | (218) |
| | (7,279) | (5,055) |
| Reconciliation of the opening and closing balances of scheme liabilities | 2016 | 2015 |
| | £000 | £000 |
| Present value of scheme liabilities at beginning of the year | 18,925 | 20,355 |
| Interest cost | 691 | 701 |
| Actuarial (loss)/gain on scheme liability assumption changes | 3,817 | (1,515) |
| Benefits paid | (471) | (616) |
| Present value of scheme liabilities at the end of the year | 22,962 | 18,925 |
| Reconciliation of the opening and closing balances of the fair value of assets | 2016 | 2015 |
| | £000 | £000 |
| Fair value of scheme assets at beginning of the year | 13,870 | 13,868 |
| Interest Income | 520 | 483 |
| Return on scheme assets | 933 | (350) |
| Employer contributions | 831 | 485 |
| Benefits paid | (471) | (616) |
| Fair value of scheme assets at the end of the year | 15,683 | 13,870 |
| Reconciliation of the present value of scheme liabilities and fair value of assets to the asset and liability recognised in the balance sheet | 2016 | 2015 |
| | £000 | £000 |
| Fair value of scheme assets | 15,683 | 13,870 |
| Value of liabilities (defined benefit obligation) | (22,962) | (18,925) |
| Funded status | (7,279) | (5,055) |
| Recognised pension scheme liability | (7,279) | (5,055) |

| Analysis of pension scheme assets and liabilities for the current and previous four financial periods | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|----------|----------|----------|----------|----------|----------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Present value of scheme liability | (22,962) | (18,925) | (20,355) | (17,635) | (15,065) | (15,025) |
| Fair value of scheme assets | 15,683 | 13,870 | 13,868 | 12,710 | 12,496 | 11,499 |
| Deficit | (7,279) | (5,055) | (6,487) | (4,925) | (2,569) | (3,526) |

At the date of the last statutory actuarial assessment as at 1 January 2015, the market value of the scheme was £13.8 million and the actuarial value of those assets represented 74% of the value of the benefits which had accrued at that date, allowing for future pension increases.

Notes to the financial statements continued

| 23 Lease obligations | 2016 | 2015 |
|---|-----------|------------|
| | £000 | £000 |
| Operating leases on office equipment and computers, by expiry date: | | |
| Under 1 year | 5 | 1 |
| 1 to 2 years | 8 | 50 |
| 2 to 5 years | - | 64 |
| Total future minimum operating lease commitments | 13 | 115 |

In addition to the above are operating lease commitments in respect of land and buildings for a lease expiring between one and two years of £301k (2015: £301k).

The RCP also has commitments in relation to approved trust and legacy funding applications of £997k (2015: £500k).

24 Related party transactions

The Royal College of Physicians, a charity registered (charity number 210508) in England and Wales, is the ultimate controlling parent of its subsidiary undertaking, The RCP Regent's Park Limited, which is consolidated on a line by line basis in these group accounts.

During the year the subsidiary owed a balance of £878k (2015: £685K) to the charity. In addition, the charity charged the subsidiary a total of £296k (2015: £298k) of operating costs, which represents the level of costs incurred by RCP on its behalf.

Trustee transactions have been disclosed in note 12 of the accounts.

During the year the RCP set up two new entities, RCPL CIC and RCPUK Limited, both of these entities had no transactions during the year, but are considered related by virtue of common leadership.

25 Prior year adjustment

During the year, the group became aware of three existing trusts the group has control over and as a result a prior year adjustment has been made. These three funds, The London Fever Hospital Fund, The Saltwell Will Research Branch and Will Edmunds Tust, have been details and included in note 19 of the accounts.

The amount of the correction at the beginning of the earliest prior period presented in the accounts is noted below:

| | Balance as 1 Jan 2015 as previously stated | Adjustment recognised | Balance as at 1 Jan 2015 as restated |
|---------------------------------------|---|--------------------------|---|
| Investments | 40,909 | 791 | 41,700 |
| Balance at Bank – Investment accounts | 4,270 | 440 | 4,710 |
| Restricted Funds | 5,821 | - | 5,821 |
| Endowment Funds | 7,386 | 1,231 | 8,617 |
| Net assets | 47,649 | 1,231 | 48,880 |

Notes to the financial statements continued

The table below summarises the adjustments reflected in this set of accounts:

| | Balance as at 31 Dec 2015 Previously disclosed | Adjustment recognised | Balance as at 31 Dec 2015 As restated |
|---------------------------------------|--|--------------------------|---|
| Investments | 40,647 | 800 | 41,447 |
| Balance at Bank – Investment accounts | 3,693 | 473 | 4,166 |
| Restricted Funds | 5,454 | 30 | 5,484 |
| Endowment Funds | 7,430 | 1,243 | 8,673 |
| Net assets | 48,640 | 1,273 | 49,913 |
| Income from investment income | 1,082 | 30 | 1,112 |

26 Events after the end of the reporting date

During 2017, The Royal College of Physicians London (RCP) incorporated a new entity, Academy of Physicians Colleges (UK) Limited. The intention is for the new entity to consolidate the examination activity of the RCP and related Scottish partners into a single entity. The logistics are still being negotiated, but we hope to begin this transition in 2017.

Supporting doctors to improve care

Annual report 2016



Royal College
of Physicians