



Charity Number: 1057744
Charity Number: SC038299

Royal College of Paediatrics and Child Health

Report and financial statements
For the year ended 31 August 2019

Royal College of Paediatrics and Child Health

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For the year ended 31 August 2019

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Royal College of Paediatrics and Child Health

Reference and administrative information

For the year ended 31 August 2019

Charity number 1057744

Charity number SC038299

Countries of registration England & Wales, Scotland

Registered office and operational address 5-11 Theobalds Road
LONDON
WC1X 8SH

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Dame Mary Marsh	Chair
Professor Russell Viner	President
Dr Mike Linney	Registrar
Dr Lisa Kauffmann	Treasurer to 24 Jan 2019
Dr Elizabeth Marder	Treasurer from 24 Jan 2019
Dr John Jenkins CBE	Member Trustee
Dr Carol Roberts	Member Trustee
Dr David Vickers	Member Trustee
Dr John Williams	Member Trustee
Ms Gillian Budd	External Trustee
Mr Mark Devlin	External Trustee
Mr Anthony Dunnett CBE	External Trustee
Mr Jon Foster	External Trustee

Senior Management Team	Jo Revill	Chief Executive Officer
	Emily Arkell	Director of Research & QI (interim)
	Jacqueline Fitzgerald	Director of Research & QI
	Louise Frayne	Head of HR & Organisational Development
	David Howley	Director of Corporate Services
	Jonathan Miall	Director of Business Development
	Robert Okunnu	Director of Policy & External Affairs
	Julia O'Sullivan	Director of Education & Training

Bankers Royal Bank of Scotland plc
LONDON
WC1V 6PQ

Royal College of Paediatrics and Child Health

Reference and administrative information

For the year ended 31 August 2019

Solicitors Hempsons
40 Villiers Street
LONDON
WC2N 6NJ

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House, 108–114 Golden Lane
LONDON
EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 August 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the royal charter, bye-laws and regulations of the College, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The primary purposes for which the College is established are its objects. These are stated in its Royal Charter and are as follows:

to advance the art and science of paediatrics;

to raise the standard of medical care provided to children;

to educate and examine those concerned with the health of children;

to advance the education of the public (and in particular medical practitioners) in child health which means the protection of children, the prevention of illness and disease in children and safeguarding their optimal development.

The College therefore aims to promote high quality, effective and efficient health services for children and young people, their parents and other carers, delivered by appropriately trained and experienced doctors. The College seeks to ensure that there is an evidence base for such services' effectiveness and efficiency and it works with all health carers of children to improve the overall physical, mental and emotional health of children and young people in the UK and elsewhere.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

VISION, MISSION AND VALUES

Our Vision:

To transform child health through knowledge, innovation and expertise.

Royal College of Paediatrics and Child Health

Trustees' annual report

For the year ended 31 August 2019

Our Mission:

A healthier future for children and young people across the world.

Our Values:

Innovate – Approach things creatively, embrace risk, view change as an opportunity, have an open mind to new ideas.

Influence – Advocate for better child health, challenge positively, share best practice, work proactively.

Include – Embrace diversity, ask for the voices of Children and Young People, work together, value everyone's input.

Lead – Develop self and others, act as positive role models, act with integrity and honesty, encourage, praise and thank.

MEDIUM TERM STRATEGY

The College has a three-year strategy to 2020–21 sub-divided into seven Strategic Priority Areas:

Infant, Children & Young People
Education & Training
Expertise & Influence
Research & Evidence Base
Workforce & Service Delivery
Improve Child Health
Well-run College

The College has identified 12 key performance indicators within these priority areas in which to evaluate performance over the three-year period. This strategy is supported by annual divisional operational plans which are linked to staff objectives. The College has referred to the advice contained in the Charity Commission's guidance on public benefit when reviewing and planning its future activities.

Volunteers

The College is reliant on a considerable number of people, estimated to be approximately 1,100, to achieve its objectives. It is grateful and indebted to the many volunteers who serve in many capacities (for example on committees and working parties, as UK and overseas examiners, tutors, regional advisers). They provide many hours' work for the charitable objects of the College without remuneration. This contribution consists mainly of professional advice and expertise – either

clinical or health service related. The freely given support of many universities, NHS Trusts and similar organisations is also invaluable.

Achievements and performance

The charity's main activities and who it tries to help are described below. All its charitable activities are undertaken to further Royal College of Paediatrics and Child Health's charitable purposes for the public benefit. The organisation has aligned the organisational structure to deliver the objects of the charity and the current three-year strategy. The themes below align to our divisions of Education and Training, Research and Quality Improvement, Membership and Development, Policy and External Affairs, Corporate Services and the CEO's division.

1. The number of candidates sitting RCPCH exams outside UK increases

Numbers have remained relatively consistent throughout the reporting period however the end of year outturn showed 4,930 exams were sat overseas, an overall drop of 4.4%.

Rating: AMBER

2. The fill rate for paediatric trainees from ST1 – ST4 supports the College's aspirations for paediatric provision

Fill rates have remained consistent with 2018/19 and the overall fill rate across ST1 – 4 is 87%. This is below the 95% target the College set.

Rating: AMBER

3. The percentage of delegates attending College courses and educational events reporting a great or complete improvement in their personal knowledge and clinical practice

Percentages continue to exceed 80% for delegates reporting both an improvement in their personal knowledge and clinical practice.

Rating: GREEN

4. An increase in the number of RCPCH Foundation Doctor members

As a result of a special campaign there has been a 149% increase in Foundation Doctors.

Rating: GREEN

Trustees' annual report

For the year ended 31 August 2019

5. An improvement in the engagement level of members

61% of members are 'Very satisfied' or 'Satisfied' with the services and support offered by RCPCH membership; this is an overall improvement of 9% compared to 2017. 6.5% 'Dissatisfied' or 'Very dissatisfied'.

Rating: GREEN

6. An increase in the number of UK commissioners and service planners engaging with College on service planning

The College has initiated an ambassador programme to increase paediatric representation on STPs/ICSs in England. Further work is also underway to develop local workforce information profiles to influence and advocate to commissioners and service planners for an improved child health workforce.

Rating: AMBER

7. An increase in the percentage members engaging with NICE, SIGN, PCO and other clinical standards resources/providers via the College's website

A continued increase in usage is evident across guidelines, CPE, and PCO. A survey of PCO in 2018 reported that 50.23% of users considered it good or excellent.

Rating: GREEN

8. A demonstrable improvement in child mortality resulting from RCPCH global programmes in low income countries

In hospitals where RCPCH has a presence there has been a 34% reduction in paediatric mortality in Sierra Leone and a 21% reduction in inborn new-born in Rwanda.

Rating: GREEN

9. Our reserves aligned to meet Trustee-agreed targets

Income and expenditure both evidenced positive variances and reserves are aligned to meet the trustee reserve target.

Rating: GREEN

10. The College meets or exceeds externally-validates Best Companies benchmark for employee satisfaction

The College achieved One to Watch for 2018 in the Best Companies survey and for the fifth year is in the Top 100 Best Not-for-Profit Companies to Work For.

Rating: GREEN

11. An increase in sustainable general funds income from sources outside membership and exams

Income generated from sources other than membership, exams and training services was 21.0% of sustainable general funds, which is 1.1% below the budgeted target of 22.1%.

Rating: AMBER

12. An increase in the number of Children & Young People (CYP) participating in our activities

The number of Children and Young People participating in College activity continues to evidence positive engagement with 355 CYPF signed up to &Us monthly bulletin (270 2017–18) and 2,218 CYPF involved in &Us activities, consultations and projects (1,158 2017–18).

Rating: GREEN

Financial review

The Statement of Financial Activities for the year is set out on page XXX of the financial statements.

The overall net movement in funds was a decrease of £1.0m (2017/18 £1m increase) which comprises a decrease in general and designated funds of £1.2m once an impairment on the property of £2.3m is taken into account and an increase in restricted funds (funds received and used for a specific purpose) of £0.2m.

The College's total income was £17.9m (2017/18 £16.5m) of which £2.8m (2017/18 £2.3m) has restrictions as to its use. For example, a grant given for a project can only be used for the purposes of the project. This restricted income is separately identified and unspent restricted income at the end of the financial year is referred to as restricted funds. Unspent restricted funds at the end of the project are returned to the funder.

Income increased by 8% during the financial year and was £1.4m higher than the previous financial year. Membership subscriptions totalled £5.5m in 2018/19 (2017/18 £5.2m). The increase of £0.3m was achieved against a backdrop of the decrease in membership of 2% (from 19,100 to 18,641) which is explained by the removal from the Member's Register of a number of primarily inactive individuals who made no contribution to College income. Assessment income rose by £0.2m or 3% from £4.8m to £5.0m due to an increase in candidate numbers which has been

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For the year ended 31 August 2019

particularly noticeable outside the UK; other Education income increased by 15% to £1.8m (2017/18 £1.5m).

Development income, which includes that for Events and Publications was 7% higher at £1.3m (2017/18 £1.2m). Events income for 2018/19 is £0.6m, a 32% increase of on the same figure for 2017/18. Publications income totals £0.9m (2017/18 £0.9m) and includes £0.8m (2017/18 £0.8m) in respect of the surplus due to the College from the joint venture to publish *Archives of Disease in Childhood*. Most members receive this important and respected College publication as part of their membership and full access to the *Archives of Disease in Childhood* website is given without charge to anyone with access to the internet living in lower-income countries (as defined by HINARI).

Publications income also includes £102k (2017/18 – £108k) given to the College by the College's associated undertaking RCPCH Publications Limited, which is equally owned by the College and the Neonatal Paediatric Pharmacists Group (NPPG). RCPCH Publications Limited is one of three parties to a joint venture to produce the *British National Formulary for Children* (BNFC). The aim of BNFC is to assist those who prescribe, dispense or administer medicines for children and is unusual in that it covers the off-label use of medicines and also lists unlicensed medicines necessary for the treatment of children.

Note 13 details performance of the College's wholly-owned subsidiary undertaking, British Paediatric Services Limited (BPSL), its' net profit is donated to the College as a gift aid payment each year. Year-on-year income for the company is the same as last year at £0.5m and following changes to the SORP in respect of accounting for gift aid, £0.2m was transferred to the College during the year which is why the surplus showing at the year-end is lower than it would be otherwise at £0.2m.

International income has increased by £0.4m (50%) to £1.3m. The RCPCH Global team are currently working with partners, DIFD, UNICEF, WHO and the Jersey Overseas Aid Commission in Myanmar, Rwanda and Sierra Leone.

Restricted income received during the year was £2.8m, £0.4m higher than in 2017/18. Further information on restricted funds is provided in note 21a on page 36.

Designated income increased to £0.6m, an increase of £0.3m on last year. The designated fund balance at the 31 August 2018 is £17.5m, as the freehold property the College owns sits within this fund. More detail of activity within the fund is contained within note 21a on page 36.

Total expenditure has increased by £1.2m from £15.5m to £16.7m.

This year's financial performance allowed the College's General Funds Reserve to rise to £1.0m, from £0.8m in 2017/18. Designated funds have decreased by a net £1.5m primarily caused by an impairment write-off of £2.3m, notwithstanding which a strong operational performance has allowed us to add £0.3m to the Strategy Fund and £0.4m to the Infrastructure Fund.

Investment Policy and Objectives

In 2019 the College placed £1m into an investment portfolio managed by Aberdeen Standard Capital. The College has determined its own Environmental, Social and Governance (ESG) investment profile that defines those areas in which funds can be invested and seeks to preserve and grow the portfolio's value over time with a targeted total return of CPI +3% *per annum* measured over a five-year rolling time-frame.

In addition to this £3.1m has been placed in an Aberdeen Liquidity Fund, a 24-hour call, interest bearing deposit that is treated as cash in these accounts.

Premises

The College's freehold premises at 5-11 Theobalds Road were acquired on 15 January 2008 and provide approximately 23k square feet of flexible space. The purchase price was £17.4m. At the same time the College took out a £4m mortgage loan with the Royal Bank of Scotland plc to fund the purchase. Costs associated with the purchase of the premises, fitting it out to the College's specification and irrecoverable VAT resulted in a total cost of £19.1m. A valuation of the premises carried out by Knight Frank in 2019 set the fair value at £16.8m and the impairment of £2.3m is reflected in these accounts.

The College's offices in Belfast, Cardiff and Edinburgh continue to be rented.

Reserves Policy

The General Funds represent the "free" funds of the College which are not designated for particular purposes or restricted in any way; they are essentially the College's reserves. Such funds need to be held as reserves to permit a responsible reaction to uncertainties.

The College's Reserves Policy has a target for the reserve balance to sit within the range £0.5m to £1m the current balance is £1m. Designated funds at year end are £17.5m. Details of all Designated funds together with the anticipated timing of this expenditure can be found in note 21a. to the accounts. Restricted funds are £2.0m an increase of £0.2m over last year. Details of this work can be found in note 21a. to the accounts.

Donations Disclosure

In the financial year 2017-18 the College has received the following donations in support of its activities:

Health impact of indoor air quality on children's health project

Greater London Authority (Mayor's Office)

£30,000

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Mr David Evans	£50,000
British Heart Foundation	£20,000
Supporting Families to be Active Together project	
UKActive (Sport England – funded project)	£23,650
Donations in support of Annual Conference in excess of £10,000	
Stoke Mandeville Hospital	£10,080
GlaxoSmithKline	£22,499
Jennewein Biotechnologie GmbH	£10,999
SOBI	£10,000
Proctor & Gamble UK	£10,000
87 donations each less than £10,000 in support of the Annual Conference & other activities	
	£153,684

Principal risks and uncertainties

The Board of Trustees has agreed processes by which it reviews, identifies, and assesses major risks, ensuring that controls are put in place where necessary to mitigate those risks. This area of work has been a particular area of focus for the Board since it was first constituted in November 2016. The Board delegates elements of work on risk to the Audit, Finance and Risk Committee, to Executive Committee, and to the Senior Management Team. Building on the progress described in recent years' reports about managing risk, and taking into account best practice in the sector, two risk registers are maintained by the organisation.

The first is a register of operational risks. This is maintained by the Head of Governance and reviewed at the fortnightly meetings of the Senior Management Team (SMT). It consists of risks that have arisen in the course of the College's everyday work that are of significance for the organisation. Each risk is assigned an SMT owner, who is responsible for implementing appropriate mitigation for the risk. The operational risk register is included in regular reports from the CEO to Executive Committee and the Board of Trustees, at which it is scrutinised.

The second is a register of strategic risks. This contains the risks that present a longer-term (and often an external) challenge to the College's continuing ability to fulfil its charitable objectives. This is maintained by the CEO and the Head of Governance, and is considered by at Audit, Finance and Risk Committee and the Board of Trustees.

Across the course of the year to 31st August 2019, the major risks included in the operational risk register have been:

- i. Ensuring that the percentage of posts taken at the entry-point to paediatric training (the "ST1 fill rate"), and subsequent retention of paediatricians in training, are sufficient to ensure future workforce demands are met. In order to mitigate this risk, a major campaign promoting careers in paediatrics is planned for the 2019–20 year.
- ii. The political uncertainty surrounding the UK's exit from the EU, and in particular the risks attaching to a "no-deal Brexit" may adversely impact children's health, and the priority of child health issues for the governments of the four UK nations.

The major risks flagged on the strategic risk register have been:

- i. Cybersecurity: despite the College's robust and detailed processes in this area, the threats are always evolving, and the College needs to plan accordingly. (In March 2019, the College received its Cyber Essentials Plus certification, recognising its work in achieving a high level of cybersecurity).
- ii. Difficulty ensuring that members are released by their employers for sufficient time to enable them to undertake College work (for instance, serving as committee members or examiners).
- iii. That child health will not be seen as a sufficiently important priority by those responsible for setting UK health policy.
- iv. That (partly as a consequence of i) there will be insufficient qualified and competent child health professionals to deliver high-quality child health services in the UK.
- v. The potential adverse consequences of the UK's leaving the European Union – both for child health provision and the College's operations – especially in the case of a "no-deal Brexit".

In addition to these risk management measures, as before a training course on risk is offered to all staff. Risk management is flagged to new trustees during their induction process as one of their major responsibilities.

The staff leads for the risk management process are the CEO, the Director of Corporate Services, and the Head of Governance. The Board has adopted, and periodically reviews, a formal Risk Policy setting out responsibilities in this area.

Fundraising

As a result of a poor fundraising result in the previous year, the College's fundraising capability was dismantled in anticipation of a re-organisation of the whole income generation function.

An independent fundraising consultant was contracted to undertake a review and provide a set of recommendations for the establishment of a new fundraising strategy and resource. This review was undertaken in October 2018 and the recommendations of the formation of a development

team to focus on fundraising, major grant giving and other income generation across the College was accepted by Trustees in December 2018.

By February 2019 a Head of Grants and Partnerships was in post, and a fundraising administrator was appointed in May 2019, and they have undertaken necessary preparatory work in establishing a fundraising strategy and implementation plan which has the optimum chance of delivering tangible results in the following financial year 2019–20.

Plans for the future

In order to achieve the RCPCH's strategic vision and charitable goals, as set out in its Royal Charter and Strategy, the College plans to deliver its strategic goals under 12 broad themes in the year 2019–20:

1. Better membership support and experience

As a membership body, it is critical that we provide a high-quality service to all our members. During 2019/2020, we will seek to increase engagement across all categories of membership by improving member content and communications, finalising our membership fee structure, and further supporting our trainees. Success will be measured by an increase in the Unique Participation and Engagement (UPE) score compared to 2018/2019.

2. Greater reach into the Nations and UK regions

The RCPCH runs a variety of training courses across the UK. In 2019/2020 we will aim to deliver 30% of all courses outside London, and for 80% of delegate respondents to report that the course has positively changed their working practice.

3. Improving Standards and Quality

Improving the quality of our training and examinations processes is important in 2019/2020. By September 2020, the College aims to have agreed the documents to be submitted to the GMC for a revised training programme, curriculum and Entrustable Professional Activity (EPA) assessment. It will also seek to measurably improve the application experience for overseas Medical Training Initiative (MTI) doctors, since these posts play a crucial role in alleviating workforce pressures.

4. Focus of workforce need

Given the increasing strain on the paediatric workforce, the RCPCH will continue gather data about the challenges facing members and campaign across all areas to make staffing levels more sustainable. In trainee roles, the target is to address both recruitment and retention, with 95% of ST1–4 paediatric roles filled in 2019/2020.

5. A wide-ranging evidence-based research programme

The College will carry out a wide range of research and evidence programmes and audits to inform the development of policy, service delivery, clinical standards, patient information and quality improvement initiatives to improve child health and support the paediatric workforce. This will

include the delivery of three national clinical audits, grow quality improvement initiatives and establish a trainee network to support the development of members research skills.

6. Greater focus on income generation

The College wishes to reduce its reliance on income from members by increasing income from other sources – including from fundraising, grants, trusts, publications, and events. Success will be measured by increasing the percentage of total income across all funds received from sources outside membership and exams, compared to 2018/2019.

7. Digital transformation

New digital technologies offer the College the potential to deliver better services for members and more efficient working for staff. As part of this a digital transformation programme, in 2019/20 the College will deliver a new digital microsite platform and use it to launch three microsites. The College is also developing a new digital workplace programme to improve communications, to better use audio-visual technology, and to facilitate more meetings remotely.

8. CYP voice to inform and engage in our work

Involvement of children and young people (CYP) is important in all work undertaken in the College. In 2019/20, the CYP Engagement Team will deliver a new CYP strategy. The team will seek to increase the number of CYP involved with RCPCH activities against the baseline from 2018/2019.

9. Sustaining the college through good operational, financial and governance control.

The College needs to be confident that it has a firm foundation for the College to deliver its strategic goals. Financial stability is critical, and this aim will be measured by the College achieving its trustee-agreed reserves target during 2019/2020.

10. Growing our influence and impact

It is vital for the College to continue to grow its influence on the delivery of child health services. In 2019/2020, we will seek to demonstrate improvement in child mortality and quality of care resulting from RCPCH's global work in low income countries, launch the State of Child Health report, deliver a credible vision for Paediatrics 2040, and provide a suite of evidence-based position statements.

11. Embedding a good staff culture

Supporting, developing and embedding a good staff culture is critical to delivering the organisational strategy. The aim will be measured by the implementation of a new People Strategy in 2019/2020. The strategy includes measures to improve equality and diversity across the College's staff and will introduce a new staff forum to represent staff within the College and improve engagement.

12. Sustaining business as usual

The College seeks to deliver its core services to high standards, and to extend its reach where doing so advances its charitable objects. These services include examinations, assessments, recruitment, member services, campaigning, policy development, and research work. Success in

this will be tested through measures such as increasing the number of exam sittings overseas, and an increase in RCPCH Members, both against a 2018/19 baseline.

Structure, governance and management

The company was established under a Royal Charter, which established the objects and powers of the charitable company. The charity is governed by this Charter and by Bye-Laws; revisions to these are subject to approval from the Privy Council and an RCPCH General Meeting. A substantial governance review took effect from 1 November 2016, establishing a new 12-member Board of Trustees.

The trustees delegate day-to-day management of the charity to the CEO, and through the CEO to other staff. In 2019, the Board of Trustees agreed a new scheme of delegations formalising the level of decisions delegated to the CEO, to other staff, and to senior committees.

The College has two subsidiary undertakings: British Paediatric Services Ltd (100% stake) and RCPCH Publications Ltd (50% stake). The results of these subsidiaries are consolidated in the group financial statements. Further details are given below under "Subsidiary Undertakings".

All trustees give their time voluntarily and receive no benefits from the charity for their work as trustees. Any expenses reclaimed from the charity by trustees are set out in note 6 to the accounts. Trustees are permitted by the Royal Charter to receive remuneration from the RCPCH for non-trustee work for the College. Any instances of this are noted at meetings of the Board of Trustees and are also set out in note 6 to the accounts.

Appointment of trustees

Under the revised governing documents in operation from 1st November 2016, two of the trustee posts (President and Registrar) are appointed via election by eligible College members. All other trustee posts are filled by appointment against selection criteria. The Appointments Panel (a subcommittee of the Board of Trustees) is responsible for undertaking this process and ensuring that it complies with relevant regulatory advice and best practice within the charity sector.

Trustee induction and training

All trustees receive an induction upon appointment. In addition to information relevant to their specific post, this includes:

- An overview of the legal duties of charity trustees (as set out in the Charity Commission's document *The Essential Trustee* (CC3).
- The RCPCH's governing and management structures.
- The RCPCH's approach to risk, financial management, and safeguarding.
- Meetings with the CEO and other senior staff.

Trustees' annual report

For the year ended 31 August 2019

All trustees receive an annual review of their performance and work for the College. This is normally conducted by the Chair. (An annual review of the Chair is conducted by a trustee nominated by the Board.) As part of this review, any training/development needs are identified.

Statement of responsibilities of the trustees

The trustees (who are also directors of Royal College of Paediatrics and Child Health for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group 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 SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice 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 will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

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

Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 3 December 2019 and signed on their behalf by

Dame Mary Marsh
Chair of Trustees

Independent auditor's report

For the year ended 31 August 2019

Independent auditor's report to the trustees of Royal College of Paediatrics and Child Health.

Opinion

We have audited the financial statements of Royal College of Paediatrics and Child Health (the 'parent charity') for the year ended 31 August 2019 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and parent charity's affairs as at 31 August 2019 and of the group's incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011 and of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report

For the year ended 31 August 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the parent charity's trustees as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the parent 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 parent charity and the parent charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

3 February 2020

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 August 2019

	Note	Unrestricted £'000	Restricted £'000	Endowment £'000	2019 Total £'000	Unrestricted £'000	Restricted £'000	Endowment £'000	2018 Total £'000
Income from:									
Donations and legacies		6	7	-	13	1	18	-	19
Charitable activities									
Membership		5,505	-	-	5,505	5,193	-	-	5,193
Assessment		4,996	-	-	4,996	4,836	-	-	4,836
Business Development		1,252	-	-	1,252	1,174	-	-	1,174
Education & Training		1,491	262	-	1,753	1,276	247	-	1,523
Research & Policy		443	1,284	-	1,727	522	1,273	-	1,795
Policy and External Affairs		26	-	-	26	29	-	-	29
International		139	1,175	-	1,314	94	780	-	874
Other trading activities		467	37	-	504	465	30	-	495
Investments		39	-	-	39	16	-	-	16
Other		747	27	-	774	539	4	-	543
Total income		15,111	2,792	-	17,903	14,144	2,351	-	16,495
Expenditure on raising funds									
Fundraising trading	4	331	-	-	331	182	-	-	182
Charitable activities									
Membership	4	1,382	-	-	1,382	1,374	-	-	1,374
Assessment	4	3,164	-	-	3,164	3,102	-	-	3,102
Business Development	4	1,179	43	-	1,221	1,607	62	-	1,669
Education & Training	4	2,395	65	-	2,461	1,857	451	-	2,308
Research & Policy	4	2,086	1,305	-	3,391	1,656	1,376	-	3,032
Policy and External Affairs	4	1,508	13	-	1,521	1,307	20	-	1,327
International	4	490	1,190	-	1,680	399	798	-	1,197
Other professional activities and standards	4	1,495	39	-	1,534	1,253	16	-	1,269
Total expenditure		14,031	2,654	-	16,685	12,737	2,724	-	15,460
Net income / (expenditure) before net gains / (losses) on investments		1,080	138	-	1,218	1,407	(373)	-	1,035
Net gains / (losses) on investments	12	45	-	-	45	-	-	-	-
Net income / (expenditure) for the year	5	1,125	138	-	1,263	1,407	(373)	-	1,035
Transfers between funds		(46)	46	-	-	(67)	67	-	-
Net income / (expenditure) before other recognised gains and losses		1,079	184	-	1,263	1,340	(306)	-	1,035
Gains / (losses) on revaluation of fixed assets		(2,278)	-	-	(2,278)	-	-	-	-
Other gains / (losses)		-	-	-	-	-	-	-	-
Net movement in funds		(1,199)	184	-	(1,015)	1,340	(306)	-	1,035
Reconciliation of funds:									
Total funds brought forward		19,756	1,788	15	21,559	18,416	2,093	15	20,524
Total funds carried forward		18,557	1,972	15	20,544	19,756	1,788	15	21,559

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

Royal College of Paediatrics and Child Health

Consolidated statement of cash flows

For the year ended 31 August 2019

	Note	2019 £'000	£'000	2018 £'000	£'000
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		1,263		1,035	
Depreciation charges		167		198	
(Gains)/losses on investments		(45)		-	
Dividends and interest from investments		(39)		(16)	
Mortgage interest payable		27		27	
(Increase)/decrease in stocks		(7)		5	
(Increase) in debtors		(11)		(268)	
Increase in creditors		436		623	
Net cash provided by operating activities			1,791		1,604
Cash flows from investing activities:					
Dividends and interest from investments		39		16	
Mortgage interest paid		(31)		(27)	
Purchase of tangible fixed assets		(106)		(103)	
Purchase of intangible fixed assets		(286)		(142)	
Purchase of investments		(1,000)		-	
Net cash (used in) investing activities			(1,384)		(256)
Cash flows from financing activities:					
Repayments of borrowing		(137)		(141)	
Net cash (used in) financing activities			(137)		(141)
Change in cash and cash equivalents in the year			270		1,207
Cash and cash equivalents at the beginning of the year			6,562		5,355
Cash and cash equivalents at the end of the year			6,832		6,562

Analysis of cash and cash equivalents and of net debt

	At 30 September 2018 £	Cash flows £	Other non- cash changes £	At 31 August 2019 £
Cash at bank and in hand	6,562	270	-	6,832
a Total cash and cash equivalents	6,562	270	-	6,832
Loans falling due within one year	174	-	-	174
Loans falling due after more than one year	2,002	(137)	-	1,865
Total	4,560	407	-	4,793

Balance sheet

As at 31 August 2019

		The group		The charity	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets:					
Tangible assets	10	17,081	19,356	17,081	19,356
Intangible assets	11	448	225	448	225
Investments	12	1,048	-	1,048	-
		18,577	19,581	18,577	19,581
Current assets:					
Stock		20	13	-	-
Debtors	15	2,719	2,708	2,653	2,633
Cash at bank and in hand		6,832	6,562	6,710	6,250
		9,571	9,283	9,363	8,883
Liabilities:					
Creditors: amounts falling due within one year	16	(5,739)	(5,303)	(5,704)	(5,216)
Net current assets / (liabilities)		3,832	3,980	3,659	3,667
Total assets less current liabilities		22,409	23,561	22,236	23,248
Creditors: amounts falling due after one year	18	(1,865)	(2,002)	(1,865)	(2,002)
Net assets		20,544	21,559	20,371	21,246
Funds:					
Restricted and endowment funds	21a	1,986	1,803	1,981	1,803
Unrestricted income funds:					
Designated funds		17,565	18,952	16,122	18,952
General funds		993	804	2,268	491
Total unrestricted funds		18,558	19,756	18,390	19,443
Total funds		20,544	21,559	20,371	21,246

Approved by the trustees on 3 December 2019 and signed on their behalf by

Dame Mary Marsh
Chair of Trustees

Dr Liz Marder
Treasurer

1 Accounting policies

a) Statutory information

Royal College of Paediatrics and Child Health is an unincorporated charity registered with the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

The registered office address is 5-11 Theobalds Road, LONDON, WC1X 8SH.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102). The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Charities Act 2011.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary British Paediatrics Services Limited (BPSL). The results are consolidated on a "line-by-line basis" for a subsidiary undertaking (BPSL) and on a "one-line basis" (of net results or share of net assets) for an associated undertaking (RCPCH Publications). Transactions and balances between the charity and its undertakings have been eliminated from the consolidated financial statements as appropriate. Balances between the entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

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.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

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

d) Going concern

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

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

1 Accounting policies (continued)

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Members' subscriptions are due on 1 January each year for existing members and on date of admission for new members; income is accounted for on an accruals basis over the calendar year to which they relate.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Endowment funds are monies which have been given to the College in trust with the restriction that they are held as capital with the income generated from them to be used for specific awards.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

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

h) Expenditure and irrecoverable VAT

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

- Fundraising trading relates to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising and trading purpose
- Expenditure on charitable activities includes the costs of delivering services for its members and the profession undertaken to further the purposes of the charity and their associated support costs

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

Notes to the financial statements

For the year ended 31 August 2019

1 Accounting policies (continued)

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity. Support and governance costs are allocated on the basis of head count and transactional value:

● Membership	12.32%
● Assessment	16.70%
● Business Development	6.18%
● Education and Training	16.74%
● Research & Quality Improvement	17.54%
● Policy & External Affairs	9.83%
● International	6.10%
● Other professional activities	14.58%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £3,500 with the exception of computer hardware, for which the limit is £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Fixtures	5 years
● Office equipment	10 years
● IT hardware	3 years
● Intangibles – Database & Software	5–7 years
● Website	7 years

The freehold property is not depreciated on the basis that its estimated value in use exceeds its cost. An annual impairment review is carried out to confirm this and the asset will be impaired if required.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost.

Notes to the financial statements

For the year ended 31 August 2019

1 Accounting policies (continued)

o) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

p) Debtors

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

q) Cash at bank and in hand

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

r) Creditors and provisions

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

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The college operates a Statutory Compliance Scheme which contributes a defined amount to individual employees' pension schemes and the pension charge represents the amounts payable by the College.

2 Income from investments

	2019 Total £'000	2018 Total £'000
Interest on Bank Deposits	28	16
	<u>28</u>	<u>16</u>

All income from investments is unrestricted.

3 Grants

Group and College	Balance at 1 September 2018 £'000	Received in year £'000	Balance at 31 August 2019 £'000	Income £'000
Government & government agencies	78	1,438	1,245	271
Other grants	91	752	742	101
	<u>169</u>	<u>2,190</u>	<u>1,987</u>	<u>372</u>

Income from grants is included in restricted funds incoming resources as follows:

	2019 Total £'000	2018 Total £'000
Children & Young People	6	3
Education & training	–	237
Research & Policy	83	425
International	283	1,188
Total income from grants	<u>372</u>	<u>1,853</u>

4a Analysis of expenditure (current year)

	Charitable activities											2019 Total £'000	2018 Total £'000
	Fundraising trading £'000	Membership £'000	Assessment £'000	Business development £'000	Education & Training £'000	Research & Quality Improvement £'000	Policy & External Affairs £'000	International £'000	Other professional activities £'000	Governance costs £'000	Support costs £'000		
Staff costs	-	337	1,124	616	1,419	1,887	1,050	339	1,097	-	-	7,869	7,340
Other direct costs	331	738	1,624	452	625	1,066	226	1,189	44	31	-	6,325	5,639
<i>Other allocated costs:</i>													
Premises & Facilities	-	-	-	-	-	-	-	-	-	-	798	798	701
Information and technology	-	-	-	-	-	-	-	-	-	-	1,130	1,130	1,166
Finance	-	-	-	-	-	-	-	-	-	-	211	211	288
Corporate services	-	-	-	-	-	-	-	-	-	-	353	353	326
	331	1,075	2,747	1,068	2,044	2,954	1,276	1,528	1,141	31	2,492	16,686	15,460
Support costs	-	307	417	154	417	437	245	152	363	-	(2,492)	-	-
Governance costs	-	-	-	-	-	-	-	-	31	(31)	-	-	-
Total expenditure 2019	331	1,382	3,164	1,222	2,461	3,391	1,521	1,680	1,535	-	-	16,686	15,460

4b Analysis of expenditure (prior year)

	Charitable activities											2018 Total £'000
	Fundraising trading £'000	Membership £'000	Assessment £'000	Business development £'000	Education & Training £'000	Research & Policy £'000	Policy & External Affairs	International £'000	Other professional activities £'000	Governance costs £'000	Support costs £'000	
Staff costs	-	299	1,165	682	1,254	1,712	871	292	1,065	-	-	7,340
Other direct costs	182	805	1,498	677	735	753	213	800	(69)	45	-	5,639
<i>Other allocated costs:</i>												
Premises & Facilities	-	-	-	-	-	-	-	-	-	-	701	701
Information and technology	-	-	-	-	-	-	-	-	-	-	1,166	1,166
Finance	-	-	-	-	-	-	-	-	-	-	288	288
Corporate services	-	-	-	-	-	-	-	-	-	-	326	326
	182	1,104	2,663	1,359	1,989	2,465	1,084	1,092	996	45	2,481	15,460
Support costs	-	270	439	310	319	567	243	105	228	-	(2,481)	-
Governance costs	-	-	-	-	-	-	-	-	45	(45)	-	-
Total expenditure 2018	182	1,374	3,102	1,669	2,308	3,032	1,327	1,197	1,269	-	-	15,460

5 Net income / (expenditure) for the year

This is stated after charging:

	2019 £'000	2018 £'000
Depreciation/Amortisation	167	198
Revaluation of fixed asset	2,278	
Loss or profit on disposal of fixed assets	-	-
Interest payable	27	-
Operating lease rentals:		
Property	80	68
Other	202	197
Auditor's remuneration (excluding VAT):		
Audit	18	13
Other services	1	1
Foreign exchange gains or losses	-	-
	<u> </u>	<u> </u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 £'000	2018 £'000
Salaries and wages	6,600	6,207
Social security costs	710	660
Employer's contribution to defined contribution pension schemes	543	473
Redundancy and termination costs	16	-
	<u> </u>	<u> </u>
	<u>7,869</u>	<u>7,340</u>

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£60,000 – £69,999	6	5
£70,000 – £79,999	-	1
£80,000 – £89,999	3	4
£90,000 – £99,999	-	1
£100,000 – £109,999	-	-
£110,000 – £119,999	1	-
	<u> </u>	<u> </u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £658,000 (2018: £590,000). No trustee received any remuneration as part of this figure.

One (2018: three) trustees received a total of £150 (2018: £8,750) in relation to work carried out under the Invited Review programme. No other trustees either received or waived any emoluments during the year (2018: none).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £13,040 (2018: £32,000) incurred by 10 (2018: 12) members relating to attendance at meetings of the trustees.

The relevant staff costs have been included in the costs of generating voluntary income and in costs of charitable activities. The gender split in the College workforce is 70% female 30% male and all roles are evaluated and paid in accordance with the College pay scales irrespective of gender.

7 Staff numbers

The average number of employees during the year was 176 (2018: 173) on a head count basis and 140 (2018: 132) on a full time equivalent basis.

Staff are split across the activities of the charity as follows (head count basis):

	2019 No.	2018 No.
Membership	4.8	4.0
Examinations	23.2	23.6
Business Development	11.0	11.8
Education & Training	29.1	27.5
Research & QI	35.0	32.4
Policy and External Affairs	22.8	22.6
International	5.1	5.0
Support	44.7	46.3
	<u> </u>	<u> </u>
	<u>175.7</u>	<u>173.1</u>

8 Related party transactions

Mark Devlin a Trustee of the College is also CEO of Young Epilepsy and a Council Member of the University of Sussex.

In 2018–19 the College collected two amounts totalling £226 from Young Epilepsy and £15,000 from the University of Sussex in relation to a BPSU Surveillance of Herpes Simplex Virus in Infants.

Anthony Dunnett a Trustee is also on the Audit and Risk Assessment Committee of the Department for International Development (DFID).

In 2018–19 the College received funding amounting to £253,030 from DFID or Agencies working in conjunction with it, in relation to projects carried out in Sierra Leone.

In addition to the above please see note 6 (2018: none).

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary British Paediatrics Services Limited distributes all available profits to the parent charity. Their charge to corporation tax in the year was:

	2019 £'000	2018 £'000
UK corporation tax at 19%	-	-

10 Tangible fixed assets

The group and college

Cost or valuation	Fixtures, office equipment, and IT hardware £'000	Freehold property £'000	Total £'000
At the start of the year	1,239	19,077	20,316
Additions in year	106	-	106
Disposals in year	(82)	-	(82)
At the end of the year	1,263	19,077	20,340
Depreciation			
At the start of the year	960	-	960
Charge for the year	103	-	103
Loss on impairment	-	2,278	2,278
Eliminated on disposal	(82)	-	(82)
At the end of the year	982	2,278	3,259
Net book value			
At the end of the year	282	16,799	17,081
At the start of the year	279	19,077	19,356

Land with a value of £5,000,000 (2018: £5,000,000) is included within freehold property and not depreciated.

Any properties held at valuation were last valued on 23rd August 2019 by Knight Frank.

All of the above assets are used for charitable purposes.

Fixtures, office equipment and IT includes silverware and regalia and similar donated assets which have been valued for insurance purposes and for these accounts at a value of £49,555 (2018 – £49,555). The valuation was performed in July 2013 by Thomas G Roswell (Rupert Toovey & Co Ltd, trading as Toovey's).

11 Intangible fixed assets

The group and college

Cost	IT Software £'000	Total £'000
At the start of the year	484	484
Additions in year	286	286
Disposals in year	(43)	(43)
At the end of the year	727	727
Depreciation		
At the start of the year	259	259
Charge for the year	64	64
Eliminated on disposal	(43)	(43)
At the end of the year	279	279
Net book value		
At the end of the year	448	448
At the start of the year	225	225

12a Fixed asset investments

Held by the College	The group		The college	
	2019 £	2018 £	2019 £	2018 £
Net interest in Associated Undertaking	-	2	-	-
Shares at cost:				
British Paediatric Services Limited	-	-	-	100
RCPCH Publications Limited	-	-	-	2
	-	2	-	102

12b Listed investments

	The group and charity	
	2019 £'000	2018 £'000
Fair value at the start of the year	-	-
Additions at cost	1,000	-
Disposal proceeds	-	-
Net gain / (loss) on change in fair value	24	-
	1,024	-
Cash held by investment broker pending reinvestment	24	-
Fair value at the end of the year	1,048	-
	2019 £'000	2018 £'000
Aberdeen Money Market	357	-
Gilts	43	-
Listed shares on stock exchange	624	-
Cash	24	-
	1,048	-

13 Subsidiary undertaking

The College owns 100% of the ordinary share capital of British Paediatric Services Limited Company No. 02158572 (England & Wales) which has been consolidated as a subsidiary undertaking throughout. The College owns 50% of the ordinary share capital of RCPCH Publications Limited Company No. 03670119 (England & Wales) and, as there is no controlling interest, it has therefore been consolidated as an associated undertaking. Both companies are registered in England and Wales and registered at the same address as the parent charity.

One trustee, Dr Elizabeth Marder is also a director of BPSL and RCPCH Publications.

The related trading undertakings make gift payments to the College, usually their total net profit. All activities have been consolidated in the SOFA in accordance with the accounting policy on consolidation (see note 1) and are included in both incoming resources and resources expended within "Communications and Publications", "Other Trading" and "Investment Income".

Both related trading undertakings have an accounting reference date of 31 August and summaries of their trading results are shown below.

BPSL manages the provision of exhibition space at the Spring Meeting, provides some membership information for mailing services and distributes medical publications of interest to paediatricians.

	2019		2018	
	RCPCH £'000	BPSL £'000	RCPCH £'000	BPSL £'000
Turnover	242,309	504,749	253,156	494,435
Cost of sales and administrative expenses	(37,538)	(130,610)	(38,275)	(181,487)
Operating profit	204,771	374,139	214,881	312,948
Interest receivable	237	485	185	214
Net profit	205,008	374,624	215,066	313,162
Charitable trading funds				
Balance at 1 September	-	313,166	-	4
Net profit	205,008	374,624	215,066	313,162
To be gifted to College for year ended 31 August	(102,504)	(513,166)	(107,533)	-
To be gifted to NPPG for year ended 31 August	(102,504)	-	(107,533)	-
Balance at 31 August	-	174,624	-	313,166
College share				
Balance at 1 September	-	4	-	4
Balance at 31 August	-	174,624	-	313,166

Amounts owed to the parent undertaking are shown in note 15.

In respect of RCPCH Publications Limited the College charged £42k (2018- £42k) for College staff, newsletter advertising and facilities used.

The first edition of the British National Formulary for Children ("BNFC") was published in September 2005 with the website going live that month and publication of a CD rom version in October 2005. The year ended 31 August 2019 principally includes the company's share of income and costs associated with developing and publishing the 2019/20 edition of BNFC which was published in September 2019.

The BNFC is produced as a joint venture, the arrangements for which were formalised in an agreement between RCPCH Publications Limited, The Royal Pharmaceutical Society and BMJ Publishing Group Limited dated 13 April 2005. The parties to the joint venture then entered into a three-year supply agreement with the Department of Health dated 20 September 2005 that will ensure all relevant health professionals in England will receive the BNFC. This agreement has recently been renewed under the auspices of NICE (the National Institute for Clinical Excellence).

14 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2019 £'000	2018 £'000
Gross income	17,399	16,000
Result for the year	(1,189)	722

15 Debtors

	The group		The charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	844	810	786	770
Other debtors	458	392	458	369
Amounts due from associated undertakings	104	109	106	103
Prepayments	817	948	807	444
Accrued income	496	449	496	947
	2,719	2,708	2,653	2,633

16 Creditors: amounts falling due within one year

	The group		The charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Mortgage loan	174	174	174	174
Trade creditors	701	510	687	510
Taxation and social security	297	378	294	378
Member subscriptions deferred	1,391	1,474	1,391	1,474
Accruals	738	691	736	635
Deferred income (Note 17)	2,438	2,076	2,422	2,045
	5,739	5,303	5,704	5,216

17 Deferred income

Deferred income comprises of examination income and invoices;

	The group		The charity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Balance at the beginning of the year	2,076	1,771	2,045	1,763
Amount released to income in the year	(4,527)	(3,801)	(4,326)	(3,601)
Amount deferred in the year	4,889	4,107	4,703	3,883
	2,438	2,076	2,422	2,045

18 Creditors: amounts falling due after one year

	The charity	
	2019 £'000	2018 £'000
Mortgage loan	1,865	2,002
	1,865	2,002
Analysis of mortgage loan not wholly repayable within 5 years by instalments		
In more than one year but not more than two years	174	174
In more than two years but not more than five years	522	522
In more than five years	1,169	1,306

The mortgage loan is secured on the freehold property 5-11 Theobalds Road. It represents 10.49% (2017- 11.23%) of the cost of the property and is repayable in quarterly instalments from 2011 to 2033.

Interest was charged at 6.40% on the first £2,500,000 for the period until 15 January 2013. The interest on the remainder, and on the whole after this date, is charged at 0.75% above the Bank of England bank rate.

19 Pension scheme

The College operates a scheme to contribute a defined amount to individual employees' pension schemes. The assets of the various schemes are held separately from those of the College in independently administered funds. The total cost to the college of this scheme was £541,000 (2018:£473,000).

20a Analysis of group net assets between funds (current year)

	General unrestricted £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	-	17,081	-	-	17,081
Intangible assets	-	448	-	-	448
Investments	-	1,048	-	-	1,048
Net current assets	993	854	1,971	15	3,832
Long term liabilities	-	(1,865)	-	-	(1,865)
Net assets at 31 August 2019	993	17,566	1,971	15	20,544

20b Analysis of group net assets between funds (prior year)

	General unrestricted £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	-	19,356	-	-	19,356
Intangible assets	-	225	-	-	225
Net current assets	804	1,373	1,788	15	3,980
Long term liabilities	-	(2,002)	-	-	(2,002)
Net assets at 31 August 2018	804	18,952	1,788	15	21,559

Notes to the financial statements

For the year ended 31 August 2019

21a Movements in Funds (current year)

	At 30 September 2018 £'000	Income & Gains £'000	Expenditure & Losses £'000	Transfers £'000	At 31 August 2019 £'000
Permanent Endowment Funds					
Permanent Endowment Funds	15	-	-	-	15
Restricted Funds					
Business Development					
Paul Polani Fund	72	-	(15)	-	57
Other Awards & Prizes	25	-	(1)	-	24
Child Health Research Fund	240	7	(27)	-	220
International Projects	41	1,175	(1,190)	-	26
Education & Training					
MindEd IV	-	-	-	-	-
Other Education & Training Funds	162	262	(65)	-	359
Research & QI					
Research & QI Funds	799	1,284	(1,305)	37	815
Policy & External Affairs					
Royalties from PCHR	377	37	(13)	-	401
Policy & External Affairs Funds	32	-	-	-	32
Other					
CYP Participation	40	27	(39)	9	37
Total restricted and endowment funds	1,803	2,792	(2,655)	46	1,986
Unrestricted Funds					
Business Development					
International Training Fund	46	32	(39)	-	39
Overseas Levy	43	107	(81)	(49)	20
Education & Training					
CPD Diaries Fund	50	-	(39)	-	11
Exam Booking System Fund	310	-	(214)	-	96
Research & QI					
Diabetes QAQI	180	440	(448)	-	172
Other					
Committed Expenditure Fund	5	-	-	115	120
General Donations Fund	68	8	(17)	-	59
Writing Down Reserve	454	-	(167)	392	679
Charitable Trading Subsidiary Fund	-	467	(331)	(136)	-
Fixed Asset Fund	17,267	-	(2,277)	200	15,190
Infrastructure Fund	306	-	(25)	350	631
Strategy Fund	200	-	-	234	434
Paediatrics 2040	-	-	(60)	66	6
Holiday Pay Accrual Fund	23	-	-	84	107
General Funds	804	14,102	(12,612)	(1,302)	993
Total Unrestricted Funds	19,756	15,156	(16,309)	(46)	18,558
Total Funds	21,559	17,948	(18,964)	-	20,544

The narrative to explain the purpose of each fund is given at the foot of the note below.

21b Movements in Funds (prior year)

	At 30 September 2017 £'000	Income & Gains £'000	Expenditure & Losses £'000	Transfers £'000	At 31 August 2018 £'000
Permanent Endowment Funds					
Permanent Endowment Funds	15	-	-	-	15
Restricted Funds					
Business development					
Paul Polani Fund	72	-	-	-	72
Other Awards & Prizes	32	-	(1)	(6)	25
Child Health Research Fund	273	19	(62)	10	240
International Projects	60	764	(783)	-	41
Education & Training					
MindEd IV	120	-	(120)	-	-
Other Education & Training Funds	243	247	(334)	6	162
Research & QI					
Research & QI Funds	865	1,288	(1,390)	36	799
Policy & External Affairs					
Royalties from PCHR	349	28	-	-	377
Policy & External Affairs Funds	44	2	(20)	6	32
Other					
CYP Participation	35	4	(14)	15	40
Total restricted and endowment funds	2,108	2,352	(2,724)	67	1,803
Unrestricted Funds					
Business Development					
Website Fund	(84)	-	(142)	226	-
David Baum International Foundation	10	-	-	(10)	-
International Training Fund	51	21	(26)	-	46
Overseas Levy	86	74	(67)	(50)	43
Education & Training					
ET Kaizen Development Fund	11	-	(5)	(6)	-
CPD Diaries Fund	-	-	-	50	50
Exam Booking System Fund	-	-	-	310	310
Research & QI					
Diabetes QAQI	-	224	(44)	-	180
Other					
Collaboration Tool	2	3	-	-	5
General Donations Fund	61	5	-	2	68
Writing Down Reserve	408	-	(199)	245	454
Charitable Trading Subsidiary Fund	-	465	(182)	(283)	-
Birthday Fund	25	-	(3)	(22)	-
Archivist/College History	22	-	(20)	(2)	-
Fixed Asset Fund	16,957	-	-	310	17,267
Infrastructure Fund	75	-	(35)	266	306
Strategy Fund	-	-	-	200	200
Holiday Pay Accrual Fund	18	-	(18)	23	23
General Funds	774	13,352	(11,995)	(1,326)	804
Total Unrestricted Funds	18,416	14,144	(12,736)	(67)	19,756
Total Funds	20,524	16,496	(15,460)	-	21,559

Purposes of endowment and restricted funds

Permanent Endowment Funds comprise the Michael Blacow Memorial Fund and the James Spence Medal Fund. They are in respect of endowments received by the British Paediatric Association transferred to the College at its inception together with a subsequent donation from Mr Peter Blacow to enable the Michael Blacow Memorial Fund to maintain the value of its awards in future. The income generated by these funds is included in Other Awards and Prizes restricted income and is used to further the charitable objectives of the College.

Paul Polani Fund arises from a one-off donation and has been restricted to encourage work in neuro-disability, possibly by funding an award.

Other Awards and Prizes is the aggregate of the following: Donald Paterson Prize Fund, John Lorber Fund, Heinz Fund, Visiting Fellowship Fund and the net income from the Michael Blacow Memorial Fund and the James Spence Medal Fund.

Child Health Research Fund is a resource to provide funded Research Fellowships in Paediatrics with the aim of building capacity in child health research and securing a new generation of academic leaders.

International Projects represents the balances held on all Global Health team projects.

Education & Training and Research & Policy Funds are net unspent voluntary income, mainly grants, received for the development of specific education programmes and research into and audit of particular childhood illnesses and conditions.

CYP Participation Fund a resource available to support the NHS London Specialised Paediatric Commissioning Group.

Unrestricted funds

Overseas Levy was first collected from the membership in January 2002 following a decision of the 2001 AGM and is designated to fund the development of overseas activities as determined by the Global Health Team – holding duration indeterminate.

Exam booking System the balance of monies set aside to complete the development of the College's new Exams Booking System – holding duration fully expended in 2019–20.

CPD Diaries Fund – the balance of monies set aside to complete the development of the College's new CPD Diary holding duration fully expended in 2019–20.

Committed Expenditure fund to meet specific commitments related to College infrastructure – holding duration indeterminate.

General Donations Fund – ensures that all voluntary gifts and donations received for the general work of the College are designated so their application can be monitored. The fund includes silverware and regalia and similar donated assets, which have been included in these financial statements at a value of £30,000 (2016 – £30,000) – holding duration indeterminate.

Writing-Down Reserve is earmarked to allow for college assets to be depreciated in line with the financial policies outlined in Note 1. This forms part of our prudent financial management – holding duration depreciable life of assets.

Fixed Asset Fund identifies those funds that are not free funds and it aims to represent the net asset value of tangible fixed assets which is their NBV after deducting the remaining amount of the mortgage loan payable.

Infrastructure Fund – funds set aside for premises reconfiguration and maintenance and IS projects including long-term projects such as future replacement of the College Website – holding duration indeterminate.

Strategy Fund – funds set aside to facilitate the College's three-year strategic plan including the Future Paediatrician project – holding duration life of the three-year plan i.e. to 2020–21.

Holiday Pay Accrual Reserve – funds set aside to accrue for Holiday Pay not taken at 31st August 2018 holding duration fully expended 2018–19.

General Funds represent the free funds of the College which are not designated for particular purposes.

22 Operating lease commitments payable as a lessee

The group and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Less than one year	56	58	199	197
One to five years	3	34	18	215
	59	92	217	412

Notes to the financial statements

For the year ended 31 August 2019

23 Analysis of changes in net debt

	At 30 September 2018 £	Cash flows £	Fair value movements £	Other non- cash changes £	At 31 August 2018 £
Cash	6,562	(1,521)	(45)	1,836	6,832
Total cash and cash equivalents	6,562	(1,521)	(45)	1,836	6,832
Loans falling due within one year	174	-	-	-	174
Loans falling due after more than one year	2,002	(168)	-	31	1,865
Total	8,738	(1,689)	(45)	1,867	8,871