



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

Annual report and financial statements

For the year ended 30 June 2015

Registered charity number 261035



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



**INVESTORS
IN PEOPLE**

The Royal College of Pathologists

Index to the financial statements

	<u>Page</u>
Report of the Trustees	1 - 10
Report of the Auditors	11 - 12
Consolidated Statement of Financial Activities	13
Balance Sheets	14 – 15
Cash flow statement	16
Accounting Policies	17 - 18
Notes to the Financial Statements	18 - 27

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2015

The Trustee Board are pleased to present their report together with the financial statements of the College for the year ended 30 June 2015.

Structure, Governance & Management

The College of Pathologists was founded on 21 June 1962 and was incorporated under Royal Charter on 28 February 1970, and registered as a Charitable Trust on 28 April 1970. The College is governed by its Royal Charter, Ordinances and By-laws, the “governing documents”. A revised set of governing documents received Privy Council approval in December 2013.

The Trustee Board is responsible for the structure, governance and management of the College, including financial matters. Members of the board are the trustees of the College. College council is a committee that reports to the trustee board and is responsible for the clinical, educational and professional functions of the College. Council has sub committees, including standing advisory committees, examinations and training committees, and regional councils.

The trustees who served during the year are set out below. Trustees are elected for a three year term of office after which they may serve again only after a one year gap. The Treasurer and Registrar can serve for a maximum of two consecutive three-year terms of office. The honorary officers are elected by the fellowship as a whole from amongst the fellows, although there are a number of honorary officers elected under the pre 2013 rules who were elected by council from amongst the fellows.

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

Trustees take decisions in the best interests of the College as a whole. They operate in accordance with a code of conduct that makes explicit reference to objectivity in decision-making. A register of interests is maintained in respect of each member of the trustee board and council. On appointment to office trustees receive an induction pack. Additionally, at the first meeting of the year where there are new members of the trustee board, a session is devoted to induction training.

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

The College wholly owns a subsidiary company, RCPATH Trading Limited (formerly 2 Carlton House Terrace Limited), which undertakes certain trading activities. The directors of the company are the College's President, Treasurer and Chief Executive. The trustee board requires that the taxable profits of the company be paid to the College under gift aid.

Responsibilities of the Trustees

The trustees of the College are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College at the end of the financial year and of the surplus or deficit of the College for that period. In preparing these financial statements, the trustee board have:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Followed applicable accounting standards;
- Prepared the financial statements on the going concern basis.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2015

Responsibilities of the Trustees (continued)

The trustee board are responsible for ensuring proper accounting records are kept, which disclose with reasonable accuracy the financial position of the College. They are also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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

Risk management

The trustee board has approved a risk management policy and process, and is responsible for overseeing risk management in the College as a whole and for determining the overall risk management appetite. A risk register has been established using specialist risk management software. Trustee board policy is to review the risk register every year so as to ensure that the impact of financial, strategic, operational and business risks are minimised. The trustee board has conducted a review of the major risks to which the College is exposed and satisfied themselves that systems or procedures have been established to mitigate those risks. The major risks for the College are in relation to the redevelopment of the new premises at 6-8 Alie Street and the failure to update or innovate IT systems.

Reference & administrative details

Principal Office

The Royal College of Pathologists, 4th Floor, 21 Prescott Street, London E1 8BB.
Telephone: 020 7451 6700
Facsimile: 020 7451 6701
E-mail: info@rcpath.org
Website: www.rcpath.org
Registered charity number: 261035

Trustees

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

Dr Suzy Lishman	President	(Appointed 13 November 2014)
	Vice President	(Demitted office 13 November 2014)
Dr David Bailey	Vice President	(Appointed 13 November 2014)
Dr David Cassidy	Treasurer	
Dr Bernie Croal	Chair Scotland regional council	(Appointed 13 November 2014)
	Vice President	(Demitted office 13 November 2014)
Prof Stephen Gillespie	Chair Scotland regional council	(Demitted office 13 November 2014)
Prof Tim Helliwell	Vice President	(Appointed 13 November 2014)
Dr Terry Jones	Assistant Registrar	(Demitted office 11 June 2015)
Dr Rachael Liebmann	Registrar	
Dr Archie Prentice	President	(Demitted office 13 November 2014)
Dr Lance Sandle	Vice President	(Appointed 13 November 2014)
Dr Peter Sharpe	Chair Northern Ireland regional council	
Ms Avril Wayte	Chair Wales regional council	
	Assistant Registrar	(Appointed 11 June 2015)
Prof Michael Wells	Vice President	(Demitted office 13 November 2014)

**The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2015**

Senior Staff

Daniel Ross	Chief Executive
Nick Bailey	Interim Head of Corporate Services (to 23 March 2015)
Joanne Brinklow	Head of Educational Standards
Diane Gaston	Head of Communications
Yvonne Hanly	Head of Corporate Services (from 5 May 2015)
Stella Macaskill	Head of Professional Standards

Professional advisors to the College

Auditors:	Coulthards Mackenzie, 9 Risborough Street, London SE1 0HF.
Taxation advisors:	Crowe Clark Whitehill, St. Bride's House, 10 Salisbury Square, London EC4Y 8EH.
Property advisors:	CBRE, Henrietta House, Henrietta Place, London W1G 0NB
Solicitors:	IBB Solicitors, Capital Court, 30 Windsor Street, Uxbridge UB8 1AB.
Stockbrokers:	Canaccord Genuity, 41 Lothbury, London EC2R 7AE.
Bankers:	HSBC Bank, 69 Pall Mall, St. James's, London SW1Y 5EY.
Insurers:	Sydney Packett & Sons Limited, Salts Wharf, Ashley Lane, Shipley, West Yorkshire BD17 7DB.

Objectives & activities

The trustees have complied with the duty in the Charities Act 2011 to have due regard to guidance published by the Charity Commission, including public benefit guidance.

The College's mission is to promote excellence in the practice of pathology and to be responsible for maintaining standards through training, assessments, examinations and professional development, to the benefit of the public.

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

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

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

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2015

Objectives & activities (continued)

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

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

The College looks after the interests of patients by:

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

The College helps in the search for cures to disease via its research programme and is committed to strengthening the research base of the specialty. This is achieved through:

- Managing a portfolio of research fellowships and pilot awards.
- Awarding bursaries and prizes for research.
- Supporting fellows and trainees who undertake research activities as part of their day to day work

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

- raise awareness of pathology and its crucial role in treating and curing disease
- increase interest in pathology as a career option
- contribute to the wider initiative of engaging the public in contemporary science
- support the teaching of science in secondary schools
- change attitudes towards science, in particular pathology

Activities

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

Postgraduate education, examinations and assessments:

- The setting of standards for training in pathology, including issuing competency based curricula for chemical pathology, histopathology, medical microbiology, virology, diagnostic neuropathology, forensic histopathology, and paediatric & perinatal pathology.
- Administering pathology training through the Education Forum and College Specialist Training Committees, who advise on all major issues relating to specialist training in pathology.

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2015

Activities (continued)

- Providing an on-line training portfolio to allow registered trainees to record their progress in training.
- Running the part 1 and part 2 examinations in the 19 pathology specialties.
- Running the Diploma examinations in forensic pathology, cytopathology and dermatopathology.
- Recommending individuals for the award of a Certificate of Completion of Training (CCT) to the General Medical Council (GMC) in chemical pathology, diagnostic neuropathology, forensic histopathology, histopathology, medical microbiology, medical virology, and paediatric & perinatal pathology.
- Recommending to the GMC whether or not the training and/or qualifications and experience of pathologists applying to the specialist register under the Certificate of Equivalence of Specialist Registration (CESR) rules is equivalent in content and duration to that required for a CCT.
- Managing the sponsorship of international medical graduates for registration with the GMC.
- Responding to initiatives from the Department of Health such as Modernising Medical Careers.
- Managing the continuous development, implementation and evaluation of workplace based assessments for medical and clinical scientist trainees.
- Supporting training through the provision of e-learning materials.
- Management of the process of admission to membership by published works.

Professional standards

- Providing a leading continuing professional development programme for the membership, that is additionally open to non-members.
- Administration of the Professional Performance Panel dealing with problem cases in all disciplines of pathology, and the production of guidelines relating to professional performance.
- The provision of revalidation advice to Responsible Officers, appraisers and individual doctors from a pathology specific perspective.

Consultancy services

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

Clinical Effectiveness

- Providing guidance on best practice with regard to clinical audit and audit of individual performance. The provision of guidance on the maintenance of professional standards and working with the National Institute for Health and Care Excellence, National Patient Safety Agency and other organisations to contribute to national guidelines and audit.
- The production of guidelines on best practice, including the College's standards and minimum datasets for the reporting of common cancers.

Workforce

- To maintain standards in pathology by approving job descriptions and overseeing the College's statutory role in consultant advisory appointment committees.
- The collection of data on the pathology workforce and the provision of advice on workforce planning for the pathology specialties.

Conferences and academic activities

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

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2015

Activities (continued)

Advisory committees

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

Communications and public engagement

- Production of the quarterly publication "The Bulletin" distributed to members and subscribers.
- Maintaining the College's web site, including the members' area, ensuring that it is up to date.
- Proactively handling media enquiries relating to pathology.
- Production of the monthly e-newsletter available to members.
- Production of a range of publications and guidelines on best practice in pathology.
- Running the public engagement programme, including National Pathology Week and International Pathology Day.

Education centre

- The running of scientific meetings, symposia and training courses by third party organisers.
- Deals with all other College meetings and events.

International development

- Running the Lab Skills Africa project aimed at improving the diagnostic services of 20 public sector laboratories in Kenya, Tanzania, Uganda, Zambia and Zimbabwe.
- Supporting the development of pathology and laboratory medicine and training services internationally, including establishing overseas examination centres.
- Organising visits by College fellows to Ghana and Malawi as visiting lecturers to teach on a range of subjects.
- Fostering international strategic partnerships, collaborations and alliances.
- Establishing international development and exchange programmes between the UK and overseas.

Research

- The management of the College's programme of research fellowships, details of which are contained in the notes to the financial statements.

Volunteers

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

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2015

Achievements & performance

The College produces a full Annual Report, which should be consulted for a further analysis of the achievements and performance of the College for the year to 30th June 2015.

During the year the College sold its interest in 2 Carlton House Terrace with legal completion taking place in March 2015. The College has taken on a short term lease of temporary premises at the 4th floor, 21 Prescott Street from October 2014, and undertook a fit out of the space prior to our move into these temporary premises over the weekend of 6-9 February 2015. This move was extremely successful with no unplanned down time. In late 2014 a potential new permanent building was identified and after due diligence was undertaken the College took legal completion of the freehold premises at 6-8 Alie Street on 18th March 2015. The College will now be commencing a major redevelopment of the premises over the next two to three years. In addition the College purchased a flat in Alie Street to accommodate those attending College meetings, instead of having to use some Central London hotels whilst we do not have such facilities ourselves. The financial impact of these transactions is described in the financial review below.

Investment performance

The performance of the College's investment portfolio is independently benchmarked by the WM Company against their unconstrained charity universe. This universe represents the performance of UK charity funds with discretionary mandates. For the calendar year ended 31st December 2014 the portfolio returned a positive 6.0%. Over a 5 year period the return was 7.5% per annum, and over 10 years 7.4% per annum.

Financial review

The financial impact of the various property transactions has dominated the College's accounts for the year. The College received £28 million for the surrender of the lease of 2 Carlton House Terrace and after the deduction of the book value of the property and the costs of disposal a surplus of £22.1 million was generated. The income from the other day to day activities of the College was £4.7 million, leading to total incoming resources of £26.8 million. Subscription income of £2,753,407 still represents the largest single source of day to day income.

The purchase cost of the new building at Alie Street amounted to £15 million. Plans are in the process of being drawn up for a planning consent submission to rebuild the property and it is estimated that the total cost of demolition, rebuild, fit out and all the professional fees associated with the project will be of the order of £25 million. Firm costs will be known as the project progresses through the ensuing financial year. The difference between the proceeds received for the old building and the total cost of purchase and redevelopment of the new building will be met by the College entering into a commercial mortgage loan facility.

The College's wholly owned subsidiary company, 2 Carlton House Terrace Limited, changed its name to RCPATH Trading Limited in July 2014 in anticipation of our premises move. The company carries out trading activities on behalf of the College. Its areas of activity are the letting of rooms and associated catering income, and the provision of consultancy services trading as RCPATH Consulting.

Income from the trading operations of room hire and catering experienced a substantial decrease over the prior year. The letting of rooms slowed in the last quarter of 2014 and ceased at the end of December due to the sale of the building, and this activity will not recommence until we are in occupation of the permanent new premises.

**The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2015**

Financial review (continued)

Day to day expenditure for the year amounted to £5.1 million. The cost of the fit out of the Prescott Street premises amounted to £310k and this is being written off to the statement of financial activities over the 3 year lease term. The College has encountered significant other costs in connection with the move, including having to rent the temporary office premises, the cost of hiring meeting rooms and facilities and the costs of decommissioning plant and moving out of Carlton House Terrace.

Reserves

Council has established a reserves policy, whereby the unrestricted funds not committed or invested in tangible fixed assets, or designated for specific purposes (the 'free reserves') held by the College, should normally be sufficient to allow the College to operate without income for up to 18 months. This level of reserves is essential, because our income is not guaranteed and can be subject to significant fluctuations year on year.

The College's reserves ensure that short term changes in revenue will not materially affect the College's activities, secures the long term funding of the College and enables the College to meet its duties under statute and its Royal Charter to promote standards of education and practice of pathology. This level of reserves would also enable the College to address any unforeseeable ad-hoc expenditure arising from topical issues in pathology, which the College feels should be addressed. At 30th June 2015 the level of free reserves of £9.3 million equated to just over 24 months income cover. The major part of these reserves will be used to redevelop the College's new premises over the coming year.

Designated funds

Designated funds are funds set aside by Council out of unrestricted general funds for specific future purposes or projects, and are excluded from the value of the College's free reserves. An explanation of the College's designated funds is given in note 20 to these accounts.

Investment policy and objectives

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

The trustee board's investment policy is to maximise the return on investments taking the medium to long-term view with a moderate level of risk. The capital value of the portfolio should be protected in line with the following 2 objectives: Annually to beat the benchmark as calculated by the WM Company for their unconstrained charity universe, and to generate an annual rate of return of inflation, as defined by the CPI, plus 4% over a 5 year basis after expenses.

Auditors

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

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2015

Plans for future periods

The College will continue to undertake the work as set out above in the objectives and activities section. The College's forward plan 2015 – 2017 contains 99 objectives to be undertaken during this period, some highlights of which are below.

The College has purchased a freehold building which will eventually be used as its new headquarters. During the ensuing year we will submit a planning consent for its redevelopment. Once the necessary permissions have been granted we will tender for the works to demolish the existing building and to commence the construction of a new state of the art, circa 45,000 square foot premises, that will contain lecture theatres, meeting rooms, office and other accommodation and have sufficient expansion space for the next 50 years or so for the College's use.

We will be launching phase 1 of a completely new College website, which will link seamlessly to the main College databases and contain a single sign on across all system platforms. In addition we will be commencing a phased implementation of an examinations e-management system, moving the learning environment for pathology trainees (LEPT) system onto a new platform to ensure that it is robust and functional for all users, and developing and piloting an e-registration application process for registered trainees and examination candidates.

As part of the College's public engagement programme we will again be running the successful National Pathology Week, and additionally International Pathology Day, both of which will be held in November 2015.

We will be working with e-Learning for Healthcare to build on the input from e-learning leads to design and produce new e-learning modules for trainees and fellows across the major specialties. This will support the learning objectives of the College's curricula as well as supporting individual revalidation.

A revised regional structure for England will be established and implemented, and we will work with devolved nation chairs as they seek to restructure their councils. Additionally we will set up a new lay governance group to ensure effective lay representation.

We will develop a cross College programme of policy and advocacy work aimed at raising awareness and understanding about the role and contribution of pathology to health systems and a plan for engagement of policy makers, influential thinkers, potential allies and opinion formers that maximises influence over key choices affecting the provision of pathology.

We are aiming to engage with UK medical schools and the GMC on teaching pathology to medical undergraduates to ensure wider understanding of the role and value of pathology and to encourage others to follow a career in the discipline. We will be developing and implementing appropriate examinations for clinical scientists following the successful development of the curricula for higher specialist scientific training.

We will continue developing processes and structures for training medical examiners of the cause of death to support the training of individuals taking up these new roles and to support their professional development.

We will be launching and managing a new online CPD accreditation service, and running a membership survey so that the College better understands and can act on member perceptions and expectations of the College and the services it provides.

**The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2015**

Plans for future periods (continued)

We will lay the foundations for supporting and mobilising the capacity and capability of the UK pathology workforce to respond effectively to international requests for assistance by developing a database of skills and opportunities, and a training course for members interested in overseas volunteering. We are developing a fundraising and communications plan aimed at resourcing the College's international strategy. We will develop a suite of services and tools aimed at supporting international medical and science graduates to prepare to sit the College's examinations and undertake periods of higher specialist training in the UK.

We are working towards establishing overseas examination centres for the College's part 1 and part 2 examinations, and are working with the College of Pathologists of East Central and Southern Africa to deliver and evaluate the pilot of the Lab Skills Africa project, which is due to finish in September. This project is being delivered in partnership with the British Division of the International Academy of Pathology and the East, Central and Southern Africa health community.

The College will be developing a comprehensive research strategy to include involvement of undergraduates, trainees, fellows and the public. Working with the interspecialty committee for molecular pathology and the College's training committees we will work to ensure that there is an explicit commitment to training in research methods and in molecular pathology in all the medical and scientific curricula of the pathology specialties.

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



Dr Suzannah Lishman

President

30 July 2015

Independent Auditor's report to the Trustees of The Royal College of Pathologists

We have audited the financial statements of The Royal College of Pathologists for the year ended 30 June 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, as a body, in accordance with section 151 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 College's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Trustee's Responsibility Statement the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 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 other irregularity or error. This includes an assessment of whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant estimates made by the Trustee Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report 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 our 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 affairs of the College and its subsidiary as at 30 June 2015, and of their incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Independent Auditor's report to the Trustees of
The Royal College of Pathologists**

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 Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- Sufficient accounting records have not been kept; or
- The financial records 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.



Coulthards Mackenzie
Chartered Accountants and
Registered Auditors

9 Risborough Street
London
SE1 0HF
30 July 2015

Coulthards Mackenzie are eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Royal College of Pathologists
Consolidated Statement of Financial Activities for the year ended 30 June 2015

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2015 £	Total Funds 30 June 2014 £
Incoming resources						
Incoming resources from generated funds						
Investment income	3	194,848	-	7,258	202,106	187,372
Donations & legacies	4	5,929	-	-	5,929	6,291
Trading operations	2	38,265	-	-	38,265	250,970
Incoming resources from charitable activities						
Subscriptions		2,753,407	-	-	2,753,407	2,679,077
Postgraduate education & examinations		1,130,672	-	105,000	1,235,672	1,115,965
International development		17,893	-	120,000	137,893	380,018
Conferences & academic activities		131,439	-	-	131,439	196,724
Professional standards		35,046	-	13,800	48,846	215,435
Clinical effectiveness		-	-	74,695	74,695	-
Communications & public engagement		8,876	-	751	9,627	11,298
Other incoming resources		28,400	-	-	28,400	18,470
Surplus on disposal of functional property		-	22,100,179	-	22,100,179	-
Total incoming resources		4,344,775	22,100,179	321,504	26,766,458	5,061,620
Resources expended						
Cost of generating funds						
Fundraising trading: cost of goods sold and other costs		118	-	-	118	302
Trading operations	2	35,809	-	-	35,809	207,274
Charitable activities						
Postgraduate education & examinations		1,385,909	-	2,353	1,388,262	1,163,338
International development		317,652	53,907	178,143	549,702	645,291
Conferences & academic activities		180,557	-	-	180,557	187,114
Research		-	-	(4,936)	(4,936)	2,165
Professional standards		415,765	-	3,752	419,517	367,547
Clinical effectiveness		202,684	7,525	237,920	448,129	201,564
Workforce		230,319	-	-	230,319	194,078
Clinical leadership		-	-	31,500	31,500	170,500
Communications & public engagement		923,947	180,590	9,125	1,113,662	888,546
Education centre		214,726	-	-	214,726	128,599
Advisory committees		439,566	-	-	439,566	354,881
Project expenditure		-	-	-	-	29,125
Governance costs	5	103,439	-	-	103,439	91,776
Total resources expended	7	4,450,491	242,022	457,857	5,150,370	4,632,100
Net incoming / (outgoing) resources before transfers		(105,716)	21,858,157	(136,353)	21,616,088	429,520
Gross transfers between funds	19	348,727	(349,592)	865	-	-
Net incoming / (outgoing) resources before other recognised gains and losses		243,011	21,508,565	(135,488)	21,616,088	429,520
Gains on investment assets	13	84,274	-	28,572	112,846	215,579
Net movement in funds		327,285	21,508,565	(106,916)	21,728,934	645,099
Total funds brought forward		10,297,650	3,278,669	764,191	14,340,510	13,695,411
Total funds carried forward	19	10,624,935	24,787,234	657,275	36,069,444	14,340,510

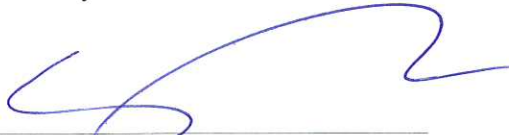
The notes on pages 17 to 27 form part of these accounts.


The Royal College of Pathologists
Consolidated Balance Sheet as at 30 June 2015

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2015 £	Total 30 June 2014 £
Tangible fixed assets	12	1,280,588	15,161,004	-	16,441,592	5,703,005
Investments	13	2,700,433	2,761,162	256,665	5,718,260	5,404,381
Total fixed assets		<u>3,981,021</u>	<u>17,922,166</u>	<u>256,665</u>	<u>22,159,852</u>	<u>11,107,386</u>
Current assets						
Stocks	14	9,360	-	-	9,360	11,200
Debtors	15	339,821	-	294	340,115	215,654
Cash at bank and in hand		8,548,984	6,865,068	406,891	15,820,943	5,189,440
Total current assets		<u>8,898,165</u>	<u>6,865,068</u>	<u>407,185</u>	<u>16,170,418</u>	<u>5,416,294</u>
Creditors						
Amounts falling due within one year	16	(2,154,251)	-	(6,575)	(2,160,826)	(2,108,170)
Net current assets		<u>6,743,914</u>	<u>6,865,068</u>	<u>400,610</u>	<u>14,009,592</u>	<u>3,308,124</u>
Total assets less current liabilities		<u>10,724,935</u>	<u>24,787,234</u>	<u>657,275</u>	<u>36,169,444</u>	<u>14,415,510</u>
Provisions for liabilities and charges: Amounts						
falling due after more than one year	18	(100,000)	-	-	(100,000)	(75,000)
Net assets		<u>10,624,935</u>	<u>24,787,234</u>	<u>657,275</u>	<u>36,069,444</u>	<u>14,340,510</u>
The funds of the College:						
Unrestricted funds	21	10,624,935	24,787,234	-	35,412,169	13,576,319
Restricted Funds	21	-	-	657,275	657,275	764,191
Total College funds		<u>10,624,935</u>	<u>24,787,234</u>	<u>657,275</u>	<u>36,069,444</u>	<u>14,340,510</u>

The notes on pages 17 to 27 form part of these accounts.

The financial statements were approved by the Trustee Board on 30th July 2015 and signed on behalf of the Trustee Board by


 Dr Suzy Lishman
 President

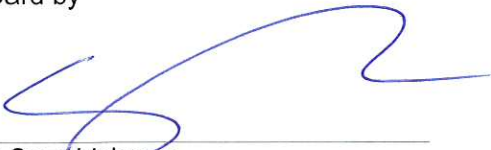

 Dr David Cassidy
 Treasurer


**The Royal College of Pathologists
Balance Sheet as at 30 June 2015**

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2015 £	Total 30 June 2014 £
Tangible fixed assets	12	1,280,588	15,161,004	-	16,441,592	5,703,005
Investments	13	2,700,533	2,761,162	256,665	5,718,360	5,404,481
Total fixed assets		<u>3,981,121</u>	<u>17,922,166</u>	<u>256,665</u>	<u>22,159,952</u>	<u>11,107,486</u>
Current assets						
Stocks	14	9,360	-	-	9,360	11,200
Debtors	15	339,821	-	294	340,115	217,464
Cash at bank and in hand		8,548,486	6,865,068	406,891	15,820,445	5,184,660
Total current assets		<u>8,897,667</u>	<u>6,865,068</u>	<u>407,185</u>	<u>16,169,920</u>	<u>5,413,324</u>
Creditors						
Amounts falling due within one year	16	(2,153,853)	-	(6,575)	(2,160,428)	(2,105,300)
Net current assets		<u>6,743,814</u>	<u>6,865,068</u>	<u>400,610</u>	<u>14,009,492</u>	<u>3,308,024</u>
Total assets less current liabilities		<u>10,724,935</u>	<u>24,787,234</u>	<u>657,275</u>	<u>36,169,444</u>	<u>14,415,510</u>
Provisions for liabilities and charges: Amounts falling due after more than one year						
	18	(100,000)	-	-	(100,000)	(75,000)
Net assets		<u>10,624,935</u>	<u>24,787,234</u>	<u>657,275</u>	<u>36,069,444</u>	<u>14,340,510</u>
The funds of the College:						
Unrestricted funds	21	10,624,935	24,787,234	-	35,412,169	13,576,319
Restricted Funds	21	-	-	657,275	657,275	764,191
Total College funds		<u>10,624,935</u>	<u>24,787,234</u>	<u>657,275</u>	<u>36,069,444</u>	<u>14,340,510</u>

The notes on pages 17 to 27 form part of these accounts.

The financial statements were approved by the Trustee Board on 30th July 2015 and signed on behalf of the Trustee Board by


Dr Suzy Lishman
President


Dr David Cassidy
Treasurer

The Royal College of Pathologists
Consolidated cash flow statement for the year ended 30 June 2015

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total Funds 30 June 2015 £	Total Funds 30 June 2014 £
Net cash inflow / (outflow) from operating activities	a	(130,853)	(242,022)	(145,876)	(518,751)	335,869
Net cash inflow / (outflow) from capital expenditure and financial investment	b	4,591,614	6,589,583	(30,943)	11,150,254	(444,263)
Increase / (decrease) in cash in the year	c	4,460,761	6,347,561	(176,819)	10,631,503	(108,394)

Notes to the cash flow statement

(a) operating activities

Net incoming resources	(105,716)	21,858,157	(136,353)	21,616,088	429,520
Depreciation charge	212,411	-	-	212,411	137,377
Dividends and interest received	(194,848)	-	(7,258)	(202,106)	(187,372)
(Gain) on disposal of fixed assets	-	(22,100,179)	-	(22,100,179)	-
(Increase) / decrease in stocks	1,840	-	-	1,840	5,367
(Increase) / decrease in debtors	(145,530)	-	21,069	(124,461)	37,045
Increase / (decrease) in creditors	100,990	-	(23,334)	77,656	(86,068)
Net cash inflow / (outflow) from operating activities	(130,853)	(242,022)	(145,876)	(518,751)	335,869

(b) Capital expenditure and financial investment

Proceeds from the disposal of tangible fixed assets	5,572,891	22,100,179	-	27,673,070	-
Payments to acquire tangible fixed assets	(1,362,885)	(15,161,004)	-	(16,523,889)	(48,446)
Receipts from the sale of investments	645,209	-	-	645,209	847,397
Payments to acquire investments	(807,176)	-	(39,066)	(846,242)	(1,430,586)
Dividends and interest received	194,848	-	7,258	202,106	187,372
Transfers between funds	348,727	(349,592)	865	-	-
Net cash inflow / (outflow) from capital expenditure and financial investment	4,591,614	6,589,583	(30,943)	11,150,254	(444,263)

(c) Reconciliation of net cash flow to movements in net funds

Increase / (decrease) in cash in the year	4,460,761	6,347,561	(176,819)	10,631,503	(108,394)
Cash balances brought forward at 1 July	4,088,223	517,507	583,710	5,189,440	5,297,834
Cash balances carried forward at 30 June	8,548,984	6,865,068	406,891	15,820,943	5,189,440

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

1. Accounting policies

(a) Basis of accounts preparation

These accounts are prepared under the Charities Act 2011 on the historical cost convention as modified by the adoption of market value for investment assets and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities: the Charities SORP issued in March 2005.

(b) Consolidated accounts

Consolidated accounts have been prepared for the College and its related undertaking RCPATH Trading Limited. Details of the relationship is given in note 13. The results are consolidated on a "line by line" basis for the subsidiary undertaking.

In accordance with paragraph 397 of the Charities SORP 2005 a statement of financial activities for the parent charity has not been prepared since the separate results for the College can be clearly identified.

(c) Incoming resources

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

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

(d) Resources expended

Resources expended are included on an accruals basis inclusive of any VAT which cannot be recovered. Expenditure has been classified under headings that aggregate all costs related to the category. Where costs cannot be attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Note 10 to these accounts details the method of allocation of such costs.

Staff costs, where attributable to more than one area of activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

(e) Foreign currencies

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

(f) Tangible fixed assets and depreciation

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

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

Freehold land and buildings are not depreciated since they are about to undergo a substantial redevelopment. No depreciation is charged on work in progress.

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

As explained in note 12, heritage assets have not been capitalised or depreciated as no reliable value can be attributed.

(g) Operating leases

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

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

(h) Stocks

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

(i) Funds accounting

Funds held by the College are:

Unrestricted general funds are available for use at the discretion of the trustees in accordance with the charitable objects of the College.

Designated funds are unrestricted and are set aside by the trustees for specific purposes.

Restricted funds can only be used for the purpose in which they were given to the College. Restrictions arise when specified by the donor or where funds are raised for a particular restricted purpose.

(j) Research Grants

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

(k) Fixed asset investments

Fixed asset investments are included at closing mid-market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

(l) Pension scheme

The College participates in the Superannuation Arrangements of the University of London ("SAUL"), which is a centralised defined benefit scheme and is contracted-out of the Second State Pension. SAUL is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in SAUL, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation. A formal valuation of SAUL is carried out every three years by professionally qualified and independent actuaries using the Projected Unit method. Informal reviews of SAUL's position are carried out in the period between formal valuations.

(m) Governance costs

Governance costs include the costs associated with the meetings of the Trustee Board, the cost of the statutory audit and the investment manager's fee.

2. Trading income and expenditure

RCPATH Trading Limited

The College owns 100% of RCPATH Trading Limited (Company number 04535296). On 4th August 2014 the company changed its name from 2 Carlton House Terrace Limited. The main activities of the company are to undertake various trading activities of the College. The company undertook the hiring of rooms and facilities at 2 Carlton House Terrace on behalf of the College before the College moved from those premises. Additionally, the company supplies consultancy services under the trading name of RCPATH Consulting. It will donate its taxable profits to the College under gift aid. Trading results extracted from its audited accounts are as follows:

	2015	2014
	£	£
Profit & Loss account		
Turnover	38,265	250,970
Cost of sales and administrative expenses	35,809	207,274
Net profit	2,456	43,696
Payable under gift aid to The Royal College of Pathologists	2,456	43,696
Profit retained in RCPATH Trading Limited	Nil	Nil

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

2. Trading income and expenditure continued

Balance sheet	2015	2014
	£	£
Debtors	462	6,353
Cash at bank	497	4,780
	<u>959</u>	<u>11,133</u>
Creditors: amounts falling due within one year	(859)	(11,033)
Net assets	<u>100</u>	<u>100</u>
Share capital	100	100
Profit and loss account	-	-
Capital and reserves at 30 June	<u>100</u>	<u>100</u>

3. Investment income

	Unrestricted Funds £	Restricted Funds £	2015 £	2014 £
Bank deposit interest	55,116	901	56,017	66,347
Income from UK listed investments	118,309	6,357	124,666	99,775
Income from overseas listed investments	21,423	-	21,423	21,250
	<u>194,848</u>	<u>7,258</u>	<u>202,106</u>	<u>187,372</u>

4. Donations & Legacies

	2015 £	2014 £
Legacies	-	1,000
College members	2,924	3,038
Other donations	3,005	2,253
	<u>5,929</u>	<u>6,291</u>

5. Governance costs

	2015 £	2014 £
Trustee expenses	49,212	41,211
Staff costs	11,853	9,842
Investment management fees	19,668	22,366
Auditor's remuneration	8,847	8,418
Premises and related costs	4,043	6,633
Costs of meetings	9,816	3,306
	<u>103,439</u>	<u>91,776</u>

6. Staff costs

	2015 £	2014 £
The total cost of salaries and wages were		
Salaries and wages	2,099,867	1,747,526
Social security costs	176,479	150,346
Pension contributions	238,173	204,400
	<u>2,514,519</u>	<u>2,102,272</u>

Reimbursed expenses, which are all subject to the College's processes of internal controls, do not form part of remuneration and are not included above.

Included in the above are costs of £159,137 (2014 - £42,706) relating to agency staff, which are also included in the staff numbers below.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

6. Staff costs (continued)

The average number of full time equivalent employees for the year, analysed by activity was as follows:

	2015 No.	2014 No.
Postgraduate education & examinations	16.5	13.3
Conferences & academic activities	1.5	1.5
Professional standards	6.8	5.4
Clinical effectiveness	2.4	2.5
Advisory committees	5.0	4.5
Communications & public relations	10.8	9.7
Workforce	3.2	3.1
Education centre	3.5	3.7
International development	4.5	3.7
	54.2	47.4

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2015 No.	2014 No.
£60,001 - £70,000	1	2
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	1	-

Contributions were made to a defined benefit pension scheme amounting to £24,355 (2014 - £22,857) in respect of the staff noted above.

7. Total resources expended

	Direct Costs £	Staff Costs £	Support Costs £	Total 2015 £	Total 2014 £
Fundraising trading: costs of goods sold	118	-	-	118	302
Trading operations	15,732	14,085	5,992	35,809	207,274
Postgraduate education & examinations	356,824	708,287	323,151	1,388,262	1,163,338
International development	281,852	201,519	66,331	549,702	645,291
Conferences & academic activities	57,215	75,494	47,848	180,557	187,114
Research	(4,936)	-	-	(4,936)	2,165
Professional standards	18,858	301,143	99,516	419,517	367,547
Clinical Effectiveness	236,930	147,720	63,479	448,129	201,564
Workforce	4,884	158,906	66,529	230,319	194,078
Clinical leadership	31,500	-	-	31,500	170,500
Communications & public engagement	383,772	531,067	198,823	1,113,662	888,546
Education centre	16,759	139,243	58,724	214,726	128,599
Advisory committees	103,799	225,202	110,565	439,566	354,881
Project expenditure	-	-	-	-	29,125
Governance	87,543	11,853	4,043	103,439	91,776
Total for the year ended 30 June 2015	1,590,850	2,514,519	1,045,001	5,150,370	4,632,100
Total for the year ended 30 June 2014	1,722,713	2,102,272	807,115	4,632,100	

Included within support costs are the following items:	2015 £	2014 £
Depreciation	212,411	137,377
Operating lease rentals - land and buildings	159,989	-
Auditor's remuneration - external audit	7,500	7,015
Auditor's remuneration - payroll bureau services	4,064	3,939
Auditor's remuneration - other services	840	-
Trustee liability indemnity insurance	1,060	1,018
	1,060	1,018

Travel and subsistence costs incurred amounting to £70,332 (2014 - £82,299) were reimbursed to 10 (2014 - 30) members of the Trustee Board (2014 - Council and the Trustee Board).

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

8. Related party transactions

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

		2015 £	2014 £
Dr Rachael Liebmann	Trustee	700	700
Dr Craig Webster	Former trustee	-	1,050
Prof Peter Furness	Former trustee	1,400	700

Apart from the amounts indicated above, trustees received no remuneration (2014 - £Nil).

9. Pensions

The College participates in a centralised defined benefit scheme for all qualified employees with the assets held in separate trustee administered funds. The College has now adopted FRS17 for accounting for pension costs. It is not possible to identify the College's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts) in accordance with paragraphs 8-12 of FRS17.

SAUL is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011 using the projected unit credit method in which the actuarial liability makes allowance for projected earnings. The main assumptions used to assess the technical provisions were:

Discount rate - pre-retirement	6.80% p.a.
- post retirement	4.70% p.a.
General * salary increases	3.75% p.a. until 31 March 2014, 4.50% p.a. thereafter
Retail Prices Index inflation ("RPI")	3.50% p.a.
Consumer Prices Index inflation ("CPI")	2.80% p.a.
Pension Increases in payment (excess over GMP)	2.80% p.a.
Mortality - base table	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females.
Mortality - future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

* an additional allowance is made for promotional salary increases

The actuarial valuation applies to SAUL as a whole and does not identify surpluses or deficits applicable to individual employers. As a whole, the market value of the scheme's assets was £1,506 million representing 95% of the liability for benefits after allowing for expected future increases in salaries.

Based on the strength of the Employer covenant and the Trustee's long-term investment strategy, the Trustee and the Employers agreed to maintain the Employer and Member contributions at 13% of salaries and 6% of salaries respectively following the valuation. The above rates will be reviewed when the results of the next formal valuation (as at 31 March 2014) are known.

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the Trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

The more material changes (the introduction of a Career Average Revalued Earnings, or "CARE", benefit structure) to SAUL's benefit structure will apply from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

10. Allocation of costs

Support costs as per note 7 above, can be broken down by activity, as follows:

	Information technology £	Finance £	Secretariat £	Premises £	Total £
Trading operations	941	932	706	3,413	5,992
Postgraduate education & examinations	41,186	36,840	27,928	217,197	323,151
International development	6,605	10,456	7,926	41,344	66,331
Conferences & academic activities	4,268	4,202	3,185	36,193	47,848
Professional standards	14,212	13,876	10,519	60,909	99,516
Clinical effectiveness	8,905	8,990	6,815	38,769	63,479
Workforce	8,794	8,697	6,593	42,445	66,529
Communications & public engagement	27,866	27,557	20,890	122,510	198,823
Education centre	9,226	9,133	6,924	33,441	58,724
Advisory committees	12,542	16,319	12,371	69,333	110,565
Governance	-	-	-	4,043	4,043
Total support costs					1,045,001

The basis of allocation of support costs is as follows:

Information technology costs have been allocated on the basis of the number of computers used by each department. Finance costs and Secretariat costs have been allocated on the basis of the headcount. Premises costs have been allocated on a floor area basis for buildings related expenses and on the basis of the headcount for all other costs. Also included in the premises allocation is the notional charge for internal hire of College rooms by functional departments.

Salary costs as per note 7 above can be further analysed as follows:

	Directly Attributable £	HR, Payroll & IT £	Finance £	Secretariat £	Premises £	Total £
Trading operations	10,014	1,020	1,557	1,163	331	14,085
Postgraduate education & examinations	511,661	49,247	75,188	56,184	16,007	708,287
International development	155,482	11,530	17,604	13,155	3,748	201,519
Conferences & academic activities	56,993	4,634	7,075	5,286	1,506	75,494
Professional standards	240,477	15,194	23,198	17,335	4,939	301,143
Clinical effectiveness	107,706	10,022	15,301	11,434	3,257	147,720
Workforce	120,613	9,591	14,643	10,942	3,117	158,906
Communications & public engagement	392,525	34,699	52,977	39,587	11,279	531,067
Education centre	98,998	10,079	15,389	11,500	3,277	139,243
Advisory committees	136,140	22,306	34,057	25,449	7,250	225,202
Governance	11,853	-	-	-	-	11,853
Total salary costs						2,514,519

The basis of allocation of salary costs is as follows:

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

11. Taxation

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

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

12. Tangible fixed assets

Group and College	Freehold Property £	Leasehold Properties £	Computer Systems & Software £	Fixtures, Fittings & Equipment £	Total £
Cost					
At 1 July 2014	-	6,923,219	319,003	715,185	7,957,407
Additions	15,208,655	1,045,796	159,990	109,448	16,523,889
Disposals	-	(6,923,219)	(12,559)	(658,259)	(7,594,037)
At 30 June 2015	15,208,655	1,045,796	466,434	166,374	16,887,259
Depreciation					
At 1 July 2014	-	1,282,371	295,119	676,912	2,254,402
Provided in year	-	145,692	17,595	49,123	212,411
Disposals	-	(1,350,328)	(12,559)	(658,258)	(2,021,146)
At 30 June 2015	-	77,735	300,155	67,777	445,667
Net book value At 30 June 2015	15,208,655	968,061	166,279	98,597	16,441,592
Net book value At 30 June 2014	-	5,640,848	23,885	38,272	5,703,005

During the year the College disposed of its leasehold interest in 2 Carlton House Terrace and acquired a freehold building in Central London. The building requires a substantial redevelopment which will commence in early 2016, and be completed towards the end of 2017 or early 2018. No depreciation will be charged on the building and its additions until the redevelopment is complete. The College has taken a short term lease of premises in Prescott Street, London E1, whilst the redevelopment of the permanent building takes place. The College has also acquired a very long leasehold flat in Central London.

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

13. Analysis of movement of investments

	Group		College	
	2015 £	2014 £	2015 £	2014 £
Market value at 1 July 2014	5,404,381	4,605,613	5,404,481	4,605,713
Additions at cost	846,242	1,431,925	846,242	1,431,925
Disposals at market value	(645,209)	(848,736)	(645,209)	(848,736)
Net gain on revaluation	112,846	215,579	112,846	215,579
Market value at 30 June 2015	5,718,260	5,404,381	5,718,360	5,404,481
Historical cost at 30 June 2015	4,468,946	4,259,557	4,469,046	4,259,657
Investments at market value comprised:				
UK listed fixed interest securities	424,735	418,711	424,735	418,711
UK listed equity shares	1,913,570	1,752,196	1,913,570	1,752,196
UK listed investment trusts and unit trusts	1,390,414	1,841,580	1,390,414	1,841,580
Overseas listed fixed interest securities	205,002	196,153	205,002	196,153
Overseas listed investment trusts and unit trusts	1,784,539	1,195,741	1,784,539	1,195,741
Unlisted investments	-	-	100	100
Market value as at 30 June 2015	5,718,260	5,404,381	5,718,360	5,404,481
Unlisted investments at cost comprise:			2015 £	2014 £
RCPATH Trading Limited - 100 ordinary shares of £1 each			100	100
			100	100

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

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

14. Stocks	2015	2014
Group and College	£	£
Memorabilia for resale	7,576	8,286
Wines	1,784	2,914
	<u>9,360</u>	<u>11,200</u>

15. Debtors	Group		College	
	2015	2014	2015	2014
	£	£	£	£
Prepayments	173,328	74,763	173,328	74,763
Other debtors	166,787	140,891	166,787	134,538
Amounts due from subsidiary undertaking	-	-	-	8,163
	<u>340,115</u>	<u>215,654</u>	<u>340,115</u>	<u>217,464</u>

16. Creditors	Group		College	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year				
Deferred income (note 17)	1,684,319	1,705,517	1,684,319	1,705,517
Trade Creditors	271,920	170,903	261,982	170,903
Other creditors	56,587	59,460	66,524	57,443
Taxation and social security	52,063	51,881	52,063	51,881
Accruals	95,937	120,409	95,078	119,556
Amounts due to subsidiary undertaking	-	-	462	-
	<u>2,160,826</u>	<u>2,108,170</u>	<u>2,160,428</u>	<u>2,105,300</u>

17. Deferred income	2015	2014
Group and College	£	£
Balance at 1 July 2014	1,705,517	1,653,100
Amount released to incoming resources	(1,705,517)	(1,653,100)
Amount deferred in the year	1,684,319	1,705,517
Balance as at 30 June 2015	<u>1,684,319</u>	<u>1,705,517</u>

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

18. Provisions for liabilities and charges	2015	2014
Group and College	£	£
Commitments outstanding at the start of the year	75,000	50,000
New commitments charged to the SOFA during the year	25,000	25,000
Amount of commitments at 30 June 2015	<u>100,000</u>	<u>75,000</u>
Timing of commitments		
Commitments payable after one year	100,000	75,000
Amount of commitments at 30 June 2015	<u>100,000</u>	<u>75,000</u>

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

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

19. Total Funds Group and College	Balance at 1 July 2014 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance at 30 June 2015 £
Restricted funds						
Research Pool Fund	47,175	138	4,936	-	-	52,249
Oliver Memorial Fund	107,408	2,781	(5,732)	-	19,396	123,853
Bhagwan Singh Fund	39,594	1,451	-	-	561	41,606
Flynn Lecture Fund	46,660	678	(96)	-	9,424	56,666
Kohn Memorial Fund	32,303	1,111	(596)	-	(1,770)	31,048
Developmental Pathology Fund	16,218	388	(400)	-	961	17,167
National Laboratory Medicine Catalogue Fund	156,791	75,076	(231,867)	-	-	-
Medical Examiner Training Fund	97,109	243	-	-	-	97,352
Revalidation Fund	2,886	-	(3,751)	865	-	-
Quality in Pathology Fund	12,538	24	(6,054)	-	-	6,508
E-Learning Project Fund	25,000	105,000	-	-	-	130,000
Death Certification Project Fund	26,973	59	-	-	-	27,032
HSST Curricula Project Fund	14,108	-	(2,353)	-	-	11,755
Labskills Africa Fund	111,930	120,000	(178,143)	-	-	53,787
Clinical Leadership Fund	17,700	13,800	(31,500)	-	-	-
Public Engagement Fund	8,156	751	(2,001)	-	-	6,906
Furness Prize Fund	1,642	4	(300)	-	-	1,346
	764,191	321,504	(457,857)	865	28,572	657,275
Unrestricted Funds						
Designated Property Fund	2,761,162	22,100,179	-	(352,042)	-	24,509,299
Designated Cancer Reporting Fund	96,050	-	(7,525)	-	-	88,525
Designated International Fund	123,650	-	(53,907)	-	-	69,743
Designated Public Engagement Fund	107,807	-	(90,914)	-	-	16,893
Designated Website & Digital Strategy Fund	125,000	-	(89,676)	-	-	35,324
Designated E-learning Fund	65,000	-	-	-	-	65,000
Designated Allergy Book Fund	-	-	-	2,450	-	2,450
General unrestricted fund	10,297,650	4,344,775	(4,450,491)	348,727	84,274	10,624,935
Total Funds	14,340,510	26,766,458	(5,150,370)	-	112,846	36,069,444

An explanation as to the nature of the restricted and designated funds is given in note 20 to these accounts.

20. Restricted and designated funds

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

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

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

The Flynn Lecture Fund was established in 1998 to fund an annual lecture in clinical biochemistry. The 2015 lecture was given by Dr Ian Barnes as part of the Association for Clinical Biochemistry's annual congress in Cardiff.

The Kohn Memorial Fund was established in 1987 to fund an annual lecture mainly in clinical biochemistry. The 2014 lecture was given by Tim Gant at the November meeting of the British Society of Toxicological Pathologists.

The Developmental Pathology Fund was established in July 2004 as a gift from the Developmental Pathology Society to fund an occasional named "Emery" lecture in paediatric pathology. The 2015 lecture was given by Adele Engelberts at the Development Pathology conference in June.

20. Restricted and designated funds (continued)

The National Laboratory Medicine Catalogue Fund was established to facilitate the creation of a national laboratory medicine catalogue, which will introduce a unified system of coding for laboratory tests, that will facilitate communications between systems for laboratory medicine. It was supported by grant in aid from the Department of Health (England). The fund balance now stands at £Nil and further work on the catalogue has been suspended until funding resumes.

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

The Revalidation Fund was established to undertake various projects in relation to aspects of revalidation. The transfer represents the College's share of expenditure during the year on the new continuing professional development online portfolio.

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

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

The Death Certification Project Fund was established by grant in aid from the Department of Health (England) to fund the costs of the project management of the revision to the death certification system.

The HSST Curricula Project was established by a grant from the Department of Health to fund the production of curricula for healthcare scientists in 10 pathology disciplines.

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

The Clinical Leadership Fund was established to develop clinical leaders within NHS Diagnostics who are able to apply their leadership learning to other healthcare services and thereby drive sustainable culture change across the NHS. The project builds on the successful clinical leadership in pathology programme that the College previously delivered.

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

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

The designated property fund was established following the disposal of the College's functional property at 2 Carlton House Terrace to hold the proceeds of sale that will be required to fund the acquisition and redevelopment of the College's new headquarters building. The former leasehold replacement fund has been subsumed into this fund.

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

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

The designated public engagement fund was established to fund the salaries of the public engagement staff, together with other costs for the pathology public engagement programme, including national pathology week.

The designated digital strategy fund was established to fund the production of a digital strategy for the College and associated work on developing and managing the transition to a substantially redeveloped website.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2015

20. Restricted and designated funds (continued)

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

The designated allergy book fund was established to pump prime the production of a book about plant allergies that would appeal to the general public, resultant from demand shown at the College's Chelsea Flower Show scientific exhibition.

21. Analysis of net assets between funds

Group and College	Tangible fixed assets £	Investments £	Net current assets £	Total £
Restricted Funds				
Research Pool Fund	-	-	52,249	52,249
Oliver Memorial Fund	-	123,445	408	123,853
Bhagwan Singh Fund	-	38,154	3,452	41,606
Flynn Lecture Fund	-	52,562	4,104	56,666
Kohn Memorial Fund	-	26,961	4,087	31,048
Developmental Pathology Fund	-	15,543	1,624	17,167
Medical Examiner Training Fund	-	-	97,352	97,352
Quality in Pathology Fund	-	-	6,508	6,508
E-Learning Project Fund	-	-	130,000	130,000
Death Certification Project Fund	-	-	27,032	27,032
HSST Curricula Project	-	-	11,755	11,755
Labskills Africa Fund	-	-	53,787	53,787
Public Engagement Fund	-	-	6,906	6,906
Furness Prize Fund	-	-	1,346	1,346
	-	256,665	400,610	657,275
Unrestricted Funds				
Designated Property Fund	15,161,004	2,761,162	6,587,133	24,509,299
Designated Cancer Reporting Fund	-	-	88,525	88,525
Designated International Fund	-	-	69,743	69,743
Designated Public Engagement Fund	-	-	16,893	16,893
Designated Website & Digital Strategy Fund	-	-	35,324	35,324
Designated E-learning Fund	-	-	65,000	65,000
Designated Allergy Book Fund	-	-	2,450	2,450
General Unrestricted Fund	1,280,588	2,700,433	6,643,914	10,624,935
	16,441,592	5,718,260	13,909,592	36,069,444

22. Non contractual capital commitment

As described in the fixed asset note above the College has purchased a freehold building at 6-8 Alie Street, London E1. The trustee board have agreed to undertake a substantial redevelopment of these premises in order to provide facilities to enable the College to use the property as its functional headquarters building. It is estimated that the works will start early in 2016 and be completed towards the end of 2017 or early 2018. As at the balance sheet date no contracts for the work have been entered into, but it is envisaged that they will be during the ensuing financial year. The total project cost including demolition, construction, fit out and professional and other fees is likely to be in the order of £25 million.

23. Operating lease commitments

The College had an annual commitment in respect of operating leases as follows:

	2015 £	2014 £
Leases which expire between 2 and 5 years - land and buildings	217,978	-