



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

Annual report and financial statements

For the year ended 30 June 2014

Registered charity number 261035



The Royal College of Pathologists
2 Carlton House Terrace, London, SW1Y 5AF, 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
Accounting Policies	16 - 17
Notes to the Financial Statements	17 - 26

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2014

Council are pleased to present their report together with the financial statements of the College for the year ended 30 June 2014.

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 was approved by the annual general meeting in November 2013 and subsequently received Privy Council approval in December 2013. The governance arrangements of the College changed significantly at that time.

Prior to the changes Council was the governing body of the College, with members of Council the trustees of the College. Council was responsible for the affairs and business of the College. There were sub committees, including the executive committee, finance committee, standing advisory committees, examinations and training committees and a lay advisory committee. From December 2013 a newly created Trustee Board replaced both the executive committee and the finance committee and members of the board became the trustees of the College, with Council (who are no longer the trustees) now reporting as a committee to the trustee board. The trustee board are responsible for the governance and management of the College with Council now responsible for the clinical, educational and professional functions of the College.

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 current honorary officers were elected by the Council from amongst the fellows of the College. Honorary officers will now be elected by the fellowship as a whole from amongst the fellows.

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, 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 2014

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.

Reference & administrative details

Principal Office

The Royal College of Pathologists, 2 Carlton House Terrace, St. James's, London SW1Y 5AF.
Telephone: 020 7451 6700
Facsimile: 020 7451 6701
E-mail: info@rcpath.org
Website: www.rcpath.org

Registered charity number: 261035

Trustees

From 11 December 2013 members of the trustee board are the trustees of the College. Prior to 11 December 2013 members of Council were the trustees of the College. Those who served as trustees during the year were as follows:

Trustee Board and members of Council

Dr Archie Prentice	President
Dr Bernie Croal	Vice President
Dr Suzy Lishman	Vice President
Professor Michael Wells	Vice President
Dr David Cassidy	Treasurer
Dr Rachael Liebmann	Registrar
Dr Terry Jones	Assistant Registrar
Professor Stephen Gillespie	Chair Scotland regional council
Dr Peter Sharpe	Chair Northern Ireland regional council (Appointed 14 November 2013)
Dr Avril Wayte	Chair Wales regional council

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2014

Trustees (continued)

Former trustees as members of Council

Dr Simon Davies	Chair South West Regional Council	(Demitted office 11 December 2013)
Dr Bushra Hamid	Chair North West Regional Council	(Demitted office 11 December 2013)
Dr Mark Heatley	Chair Northern Regional Council	(Demitted office 11 December 2013)
Dr Jeremy Quiney	Chair South East Regional Council	(Demitted office 11 December 2013)
Dr Ian Seddon	Chair Eastern Regional Council	(Demitted office 11 December 2013)
Dr Mallika Sekhar	Chair London Regional Council	(Demitted office 11 December 2013)
Professor Carrock Sewell	Chair Trent Regional Council	(Demitted office 11 December 2013)
Dr Thomas Trinick	Chair Northern Ireland Regional Council	(Demitted office 14 November 2013)
Mr Craig Webster	Chair West Midlands Regional Council	(Demitted office 11 December 2013)

Professor Kate Gould	(Demitted office 11 December 2013)
Dr Tim Helliwell	(Demitted office 11 December 2013)
Professor James Lowe	(Demitted office 11 December 2013)
Dr Tim Noakes	(Demitted office 11 December 2013)
Dr Lance Sandie	(Demitted office 11 December 2013)
Dr Prema Seetulsingh	(Demitted office 11 December 2013)
Professor Tim Stephenson	(Demitted office 11 December 2013)
Dr Philip Wood	(Demitted office 11 December 2013)

Professor Ian Cree	(Demitted office 11 December 2013)
Professor William Fraser	(Demitted office 11 December 2013)
Professor Peter Goldfarb	(Demitted office 11 December 2013)
Mrs Gail Norbury	(Demitted office 11 December 2013)
Dr Sandra Scholes	(Demitted office 14 November 2013)
Dr Jeff Seneviratne	(Demitted office 11 December 2013)

Senior Staff

Daniel Ross	Chief Executive
Nick Bailey	Interim Head of Operations (from 23 June 2014)
Joanne Brinklow	Head of Educational Standards
Diane Gaston	Head of Communications
Dan Hill	Head of Operations (to 23 June 2014)
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:	Canacord 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.

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2014

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 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 Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2014

Objectives and activities (continued)

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.
- 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.
- Establishing and running the programme of year 1 assessments and dealing with other workplace based assessments.
- 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.

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.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2014

Activities (continued)

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

- Approves job descriptions and oversees 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.

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.

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 in Kurdistan, including establishing an overseas examination centre in Erbil. Assisting with rebuilding Iraq's laboratory medicine services and improving the training of pathologists in the country.
- Organising visits by College fellows to Ghana and Malawi as visiting lecturers to teach on a range of subjects.
- Participation in scientific meetings around the world including the Arab health exhibition and congress, the African pathology summit, the West African College of Physicians faculty of laboratory medicine scientific meeting, and the MedLab Asia pacific conference.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2014

Activities (continued)

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.

Achievements & performance

The College produces a full Annual Report, which should be consulted for a much more detailed analysis of the achievements and performance of the College for the year to 30th June 2014.

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 2013 the portfolio returned a positive 11.4%. Over a 5 year period the return was 10.0% per annum, and over 10 years 8.1% per annum.

Financial review

The College's income for the year amounted to £5,061,620. Subscription income of £2,679,077 still represents the largest single source of income. The number of College members has increased marginally from 10,680 at the beginning of the financial year to 11,058 at the year end.

The College's wholly owned subsidiary company, 2 Carlton House Terrace Limited, 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 room hire and catering experienced a small decrease over the prior year. Future bookings are not as strong as in prior years as they are only being accepted on a rolling six month forward basis due to uncertainties about the length of time we will remain in occupation of the premises.

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. Income for the year for this activity was £83,385.

The College continued to receive funds as part of a £735,850 grant to support the Labskills Africa project, which is being received over 24 months. 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 and Education Trust. This project is being led by the College in partnership with the College of Pathologists of East, Central & Southern Africa and the British Division of the International Academy of Pathology to improve laboratory medicine services in Sub-Saharan Africa.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2014

Financial review (continued)

Income from conferences and academic activities has increased over the prior year. 11 symposia were held including a successful 2-day genital tract pathology meeting.

There have been some increases in staffing costs during the year resultant from the implementation of the 50 year review. The new governance arrangements approved at last year's annual general meeting changed the College's regional structures for England. The 8 regional councils have been disbanded and instead England has been sub divided into 13 areas with 3 representatives in each covering various College functions locally. Central administration support has been recruited to manage these new arrangements and to provide support to the regional councils of Northern Ireland, Wales and Scotland.

A review of the training, assessments and education functions has resulted in some staff responsibilities changing and new positions being created to ensure that the needs of the College, its members and trainees continue to be met. An examinations policy and quality officer has been recruited. The international department has expanded its staffing to undertake the Labskills Africa project.

During the year we transferred the College's workforce database from its outsourced supplier back in house. This will enable the College to collect more accurate and up to date data for workforce planning. A new online continuing professional development scheme has been developed and is planned to go live in early July. The College's web site is in need of substantial redevelopment and the contract for this work is in the process of being tendered and awarded.

Communications expenditure has increased as the College is working towards running National Pathology Week in November 2014. Additionally the College has become a partner organisation with the BBC for a series of events across the UK marking the centenary of World War 1, delivering interactive activities entitled 'Blood and Bugs' demonstrating pathology then and now.

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 2014 the level of free reserves of £4.6 million equated to just over 12 months income cover.

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.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2014

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 RPI, plus 3% 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.

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 2014 – 2016 contains 90 objectives to be undertaken during this period, some highlights of which are below.

The College has entered into a joint sale and marketing agreement for the building at 2 Carlton House Terrace with the freeholder, which is currently being marketed. Subject to an acceptable offer being received the College will be looking to relocate its premises elsewhere in Central London. Advisors have been retained and an alternative property search will commence once certainty over the potential sale price that can be achieved is known.

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 will be undertaking the work to launch and develop the national laboratory medicine catalogue, which will introduce a unified system of coding for laboratory tests, which will facilitate communications between systems for laboratory medicine.

We will be working with e-Learning for Healthcare to have identified and commenced design of new e-learning modules and we will be creating an educational portal on the College's web site to enable access to trainees and fellows of e-learning resources across the major specialties. This will support the learning objectives of the College's curricula as well as supporting individual revalidation.

We are aiming to broker consensus 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 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.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2014

Plans for future periods (continued)

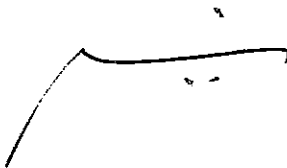
We will be implementing a total overhaul of the College's website and have commenced work on a digital strategy for the College. In addition we will be developing an examinations e-management system, move the learning environment for pathology trainees (LEPT) system onto a new platform and ensure that it is robust and functional for all users, and develop and pilot an e-registration process for registered trainees.

As part of the College's public engagement programme we will again be running the successful National Pathology Week, in November 2014, and in partnership with the BBC we will develop interactive activities and engage the public as part of the medical innovations zone in their events programme across the UK to commemorate the centenary of World War One.

We will continue to embed the new governance and organisational changes resultant from the 50 year review of College activities and following formal Privy Council approval. The new regional structure for England will be established and we will implement the recommendations from the administrative efficiency review of College committees.

We will lay the foundations for supporting and mobilising the capacity and capability of the UK pathology workforce to respond to international requests for assistance by developing a database of skills and opportunities. We will develop a suite of services and tools aimed at supporting international medical graduates to prepare to sit the College's examinations and undertake periods of higher specialist training in the UK.

Approved by Council and signed on their behalf by:



Dr Archie Prentice
President
31 July 2014

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 2014 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, 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:

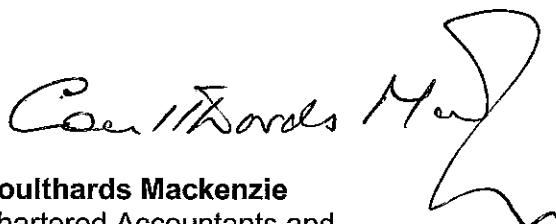
- give a true and fair view of the state of affairs of the College and its subsidiary as at 30 June 2014, and of their incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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
31 July 2014

The Royal College of Pathologists
Consolidated Statement of Financial Activities for the year ended 30 June 2014

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2014 £	Total 30 June 2013 £
Incoming resources						
Incoming resources from generated funds						
Investment income	3	178,928	-	8,444	187,372	172,976
Donations & legacies	4	6,291	-	-	6,291	9,748
Trading operations	2	250,970	-	-	250,970	257,877
Other income		18,470	-	-	18,470	17,934
Incoming resources from charitable activities						
Subscriptions		2,679,077	-	-	2,679,077	2,521,350
Postgraduate education & examinations		1,115,965	-	-	1,115,965	1,087,868
International development		10,018	-	370,000	380,018	154,195
Conferences & academic activities		196,724	-	-	196,724	141,908
Research		-	-	-	-	47,382
Professional standards		37,110	-	178,325	215,435	66,519
Communications & public engagement		10,488	-	810	11,298	13,994
Intercollegiate human nutrition course		-	-	-	-	3,290
Total incoming resources		4,504,041	-	557,579	5,061,620	4,495,041
Resources expended						
Cost of generating funds						
Fundraising trading: cost of goods sold and other costs		302	-	-	302	1,199
Trading operations	2	207,274	-	-	207,274	239,687
Charitable activities						
Postgraduate education & examinations		1,129,520	-	33,818	1,163,338	1,259,547
International development		265,031	35,975	344,285	645,291	225,197
Conferences & academic activities		187,114	-	-	187,114	166,297
Research		-	-	2,165	2,165	47,383
Professional standards		318,246	-	49,301	367,547	416,914
Clinical effectiveness		197,614	3,950	-	201,564	-
Workforce		194,078	-	-	194,078	289,890
Clinical leadership		-	-	170,500	170,500	95,243
Communications & public engagement		875,298	11,219	2,029	888,546	724,249
Education centre		128,599	-	-	128,599	177,258
Advisory committees		354,881	-	-	354,881	327,107
Project expenditure		-	-	29,125	29,125	130,076
Intercollegiate human nutrition course		-	-	-	-	17,081
Governance costs	5	91,776	-	-	91,776	100,433
Total resources expended	7	3,949,733	51,144	631,223	4,632,100	4,217,561
Net incoming / (outgoing) resources before transfers						
		554,308	(51,144)	(73,644)	429,520	277,480
Gross transfers between funds	19	(521,756)	515,000	6,756	-	-
Net incoming / (outgoing) resources before other recognised gains and losses						
		32,552	463,856	(66,888)	429,520	277,480
Gains on investment assets	13	198,286	-	17,293	215,579	376,944
Net movement in funds						
Total funds brought forward		10,066,812	2,814,813	813,786	13,695,411	13,040,987
Total funds carried forward	19	10,297,650	3,278,669	764,191	14,340,510	13,695,411

The notes on pages 16 to 26 form part of these accounts.

The Royal College of Pathologists
Consolidated Balance Sheet as at 30 June 2014

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2014 £	Total 30 June 2013 £
Tangible fixed assets	12	5,703,005	-	-	5,703,005	5,791,936
Investments	13	2,454,192	2,761,162	189,027	5,404,381	4,605,613
Total fixed assets		<u>8,157,197</u>	<u>2,761,162</u>	<u>189,027</u>	<u>11,107,386</u>	<u>10,397,549</u>
Current assets						
Stocks	14	11,200	-	-	11,200	16,567
Debtors	15	194,291	-	21,363	215,654	252,699
Cash at bank and in hand		4,088,223	517,507	583,710	5,189,440	5,297,834
Total current assets		<u>4,293,714</u>	<u>517,507</u>	<u>605,073</u>	<u>5,416,294</u>	<u>5,567,100</u>
Creditors						
Amounts falling due within one year	16	(2,078,261)	-	(29,909)	(2,108,170)	(2,219,238)
Net current assets		<u>2,215,453</u>	<u>517,507</u>	<u>575,164</u>	<u>3,308,124</u>	<u>3,347,862</u>
Total assets less current liabilities		<u>10,372,650</u>	<u>3,278,669</u>	<u>764,191</u>	<u>14,415,510</u>	<u>13,745,411</u>
Provisions for liabilities and charges						
	18	(75,000)	-	-	(75,000)	(50,000)
Net assets		<u>10,297,650</u>	<u>3,278,669</u>	<u>764,191</u>	<u>14,340,510</u>	<u>13,695,411</u>
The funds of the College:						
Unrestricted funds	21	10,297,650	3,278,669	-	13,576,319	12,881,625
Restricted Funds	21	-	-	764,191	764,191	813,786
Total College funds		<u>10,297,650</u>	<u>3,278,669</u>	<u>764,191</u>	<u>14,340,510</u>	<u>13,695,411</u>

The notes on pages 16 to 26 form part of these accounts.

The financial statements were approved by the Trustee Board on 31st July 2014 and signed on behalf of the Trustee Board by

Dr Archie Prentice
President


Dr David Cassidy
Treasurer

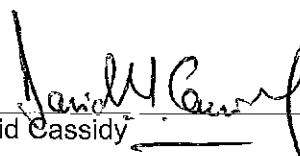
**The Royal College of Pathologists
Balance Sheet as at 30 June 2014**

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2014 £	Total 30 June 2013 £
Tangible fixed assets	12	5,703,005	-	-	5,703,005	5,791,936
Investments	13	2,454,292	2,761,162	189,027	5,404,481	4,605,713
Total fixed assets		<u>8,157,297</u>	<u>2,761,162</u>	<u>189,027</u>	<u>11,107,486</u>	<u>10,397,649</u>
Current assets						
Stocks	14	11,200	-	-	11,200	16,567
Debtors	15	196,101	-	21,363	217,464	231,706
Cash at bank and in hand		4,083,443	517,507	583,710	5,184,660	5,292,184
Total current assets		<u>4,290,744</u>	<u>517,507</u>	<u>605,073</u>	<u>5,413,324</u>	<u>5,540,457</u>
Creditors						
Amounts falling due within one year	16	(2,075,391)	-	(29,909)	(2,105,300)	(2,192,695)
Net current assets		<u>2,215,353</u>	<u>517,507</u>	<u>575,164</u>	<u>3,308,024</u>	<u>3,347,762</u>
Total assets less current liabilities		<u>10,372,650</u>	<u>3,278,669</u>	<u>764,191</u>	<u>14,415,510</u>	<u>13,745,411</u>
Provisions for liabilities and charges						
	18	(75,000)	-	-	(75,000)	(50,000)
Net assets		<u>10,297,650</u>	<u>3,278,669</u>	<u>764,191</u>	<u>14,340,510</u>	<u>13,695,411</u>
The funds of the College:						
Unrestricted funds	21	10,297,650	3,278,669	-	13,576,319	12,881,625
Restricted Funds	21	-	-	764,191	764,191	813,786
Total College funds		<u>10,297,650</u>	<u>3,278,669</u>	<u>764,191</u>	<u>14,340,510</u>	<u>13,695,411</u>

The notes on pages 16 to 26 form part of these accounts.

The financial statements were approved by the Trustee Board on 31st July 2014 and signed on behalf of the Trustee Board by


Dr Archie Prentice
President


Dr David Cassidy
Treasurer

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

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 2 Carlton House Terrace 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 provided for on all fixed assets at rates calculated to write off their cost evenly as follows:

Leasehold land and buildings	over the period of the lease
Furniture and office equipment	over 4 to 5 years
Computer equipment	over 2 to 3 years

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

(g) Stocks

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

(h) Funds accounting

Funds held by the College are:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustee Board. *Designated funds* - these are funds set aside by the Trustee Board out of unrestricted general funds for specific future purposes or projects. *Restricted funds* - these are funds that can only be used for particular restricted purposes within the objects of the College. Restrictions arise when specified by the donor or where funds are raised for particular restricted purposes. Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

(i) 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.

(j) 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.

(k) 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.

(l) Governance costs

Governance costs include the costs associated with the meetings of Council and the Executive committee up to 11th December 2013 and the Trustee Board after that date, the cost of the statutory audit and the investment manager's fee.

2. Trading income and expenditure

2 Carlton House Terrace Limited

The College owns 100% of 2 Carlton House Terrace Limited, whose main activities are to undertake various trading activities of the College. The company undertakes the hiring of rooms and facilities at 2 Carlton House Terrace on behalf of the College. 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:

	2014	2013
Profit & Loss account	£	£
Turnover	250,970	257,877
Cost of sales and administrative expenses	207,274	239,687
Net profit	43,696	18,190
Payable under gift aid to The Royal College of Pathologists	43,696	18,190
Profit retained in 2 Carlton House Terrace Limited	Nil	Nil
Balance sheet	2014	2013
	£	£
Debtors	6,353	43,931
Cash at bank	4,780	5,649
	11,133	49,580
Creditors: amounts falling due within one year	(11,033)	(49,480)
Net assets	100	100
Share capital	100	100
Profit and loss account	-	-
Capital and reserves at 30 June	100	100

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

3. Investment income

	Unrestricted Funds £	Restricted Funds £	2014 £	2013 £
Bank deposit interest	63,435	2,912	66,347	71,117
Income from UK listed investments	94,243	5,532	99,775	89,728
Income from overseas listed investments	21,250	-	21,250	12,131
	<u>178,928</u>	<u>8,444</u>	<u>187,372</u>	<u>172,976</u>

4. Donations & Legacies

	2014 £	2013 £
Legacies	1,000	-
College members	3,038	5,817
Other donations	2,253	3,931
	<u>6,291</u>	<u>9,748</u>

5. Governance costs

	2014 £	2013 £
Trustee expenses	41,211	68,679
Staff costs	9,842	9,046
Investment management fees	22,366	4,227
Auditor's remuneration	8,418	7,197
Premises and related costs	6,633	7,940
Costs of meetings	3,306	3,344
	<u>91,776</u>	<u>100,433</u>

6. Staff costs

	2014 £	2013 £
The total cost of salaries and wages were		
Salaries and wages	1,747,526	1,595,369
Social security costs	150,346	137,055
Pension contributions	204,400	191,399
	<u>2,102,272</u>	<u>1,923,823</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 £42,706 (2013 - £500) relating to agency staff, which are also included in the staff numbers below.

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

	2014 No.	2013 No.
Postgraduate education & examinations	13.3	14.4
Conferences & academic activities	1.5	1.5
Professional standards	5.4	6.0
Clinical effectiveness	2.5	-
Advisory committees	4.5	3.7
Communications & public relations	9.7	8.7
Workforce	3.1	3.1
Education centre	3.7	3.8
International development	3.7	1.7
	<u>47.4</u>	<u>42.9</u>

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

6. Staff costs (continued)

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

	2014 No.	2013 No.
£60,001 - £70,000	2	-
£110,001 - £120,000	1	1

Contributions were made to a defined benefit pension scheme amounting to £22,857 (2013 - £14,508) in respect of the staff noted above.

7. Total resources expended

	Direct Costs £	Staff Costs £	Support Costs £	Total 2014 £	Total 2013 £
Fundraising trading: costs of goods sold	302	-	-	302	1,199
Trading operations	108,114	73,452	25,708	207,274	239,687
Postgraduate education & examinations	346,168	550,078	267,092	1,163,338	1,259,547
International development	437,072	162,057	46,162	645,291	225,197
Conferences & academic activities	81,210	69,431	36,473	187,114	166,297
Research	2,165	-	-	2,165	47,383
Professional standards	31,097	236,766	99,684	367,547	416,914
Clinical Effectiveness	12,080	145,592	43,892	201,564	-
Workforce	4,147	143,322	46,609	194,078	289,890
Clinical leadership	170,500	-	-	170,500	95,243
Communications & public engagement	300,300	452,181	136,065	888,546	724,249
Education centre	42,281	73,332	12,986	128,599	177,258
Advisory committees	82,851	186,219	85,811	354,881	327,107
Project expenditure	29,125	-	-	29,125	130,076
Intercollegiate human nutrition course	-	-	-	-	17,081
Governance	75,301	9,842	6,633	91,776	100,433
Total for the year ended 30 June 2014	1,722,713	2,102,272	807,115	4,632,100	4,217,561
Total for the year ended 30 June 2013	1,529,979	1,901,949	785,633	4,217,561	

	2014 £	2013 £
Included within support costs are the following items:		
Depreciation	137,377	256,517
Auditor's remuneration - external audit	7,015	6,750
Auditor's remuneration - payroll bureau services	3,939	4,081
Trustee liability indemnity insurance	1,018	1,018

Travel and subsistence costs incurred amounting to £82,299 (2013 - £71,764) were reimbursed to 30 (2013 - 30) members of Council and the Trustee Board.

8. Related party transactions

The College's trading subsidiary, 2 Carlton House Terrace 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:

		2014 £	2013 £
Dr Rachael Liebmann	Trustee	700	6,738
Dr Craig Webster	Former trustee	1,050	6,300
Prof Timothy Stephenson	Former trustee	-	3,150
Prof Peter Furness	Former trustee	700	3,150
Prof Adrian Newland	Former trustee	-	3,500

Apart from the amounts indicated above, trustees received no remuneration (2013 - £Nil).

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

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.

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	6,412	6,269	5,020	8,007	25,708
Postgraduate education & examinations	31,144	27,673	22,593	185,682	267,092
International development	4,995	7,854	6,412	26,901	46,162
Conferences & academic activities	3,227	3,156	2,577	27,513	36,473
Professional standards	10,746	10,423	8,510	70,005	99,684
Clinical effectiveness	6,734	6,753	5,513	24,891	43,892
Workforce	6,650	6,533	5,334	28,093	46,609
Communications & public engagement	21,071	20,700	16,900	77,394	136,065
Education centre	1,275	1,292	1,153	9,266	12,986
Advisory committees	9,484	12,258	10,008	54,061	85,811
Governance	-	-	-	6,633	6,633
Total support costs					807,115

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.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

10. Allocation of costs (continued)

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

	Directly Attributable £	HR, Payroll & IT £	Finance £	Secretariat £	Premises £	Total £
Trading operations	47,965	7,321	9,236	6,786	2,144	73,452
Postgraduate education & examinations	367,435	48,449	67,964	50,284	15,946	550,078
International development	129,580	8,557	12,078	9,008	2,834	162,057
Conferences & academic activities	48,596	5,520	7,752	5,744	1,819	69,431
Professional standards	168,447	18,090	25,419	18,846	5,964	236,766
Clinical effectiveness	100,533	11,942	16,766	12,417	3,934	145,592
Workforce	100,200	11,425	16,045	11,888	3,764	143,322
Communications & public engagement	315,551	36,207	50,838	37,658	11,927	452,181
Education centre	48,921	5,919	9,332	6,948	2,212	73,332
Advisory committees	124,691	16,320	22,895	16,941	5,372	186,219
Governance	9,842	-	-	-	-	9,842
Total salary costs						2,102,272

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.

12. Tangible fixed assets

Group and College	Leasehold Land & Buildings £	Fixtures, Fittings & Equipment £	Total £
Cost			
At 1 July 2013	6,923,219	1,027,210	7,950,429
Additions	-	48,446	48,446
Disposals	-	(41,468)	(41,468)
At 30 June 2014	6,923,219	1,034,188	7,957,407
Depreciation			
At 1 July 2013	1,180,435	978,058	2,158,493
Provided in year	101,936	35,441	137,377
Disposals	-	(41,468)	(41,468)
At 30 June 2014	1,282,371	972,031	2,254,402
Net book value At 30 June 2014	5,640,848	62,157	5,703,005
Net book value At 30 June 2013	5,742,784	49,152	5,791,936

Heritage assets

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 many 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.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

13. Analysis of movement of investments

	Group		College	
	2014 £	2013 £	2014 £	2013 £
Market value at 1 July 2013	4,605,613	3,529,584	4,605,713	3,529,684
Additions at cost	1,431,925	1,079,771	1,431,925	1,079,771
Disposals at market value	(848,736)	(380,686)	(848,736)	(380,686)
Net gain on revaluation	215,579	376,944	215,579	376,944
	<u>5,404,381</u>	<u>4,605,613</u>	<u>5,404,481</u>	<u>4,605,713</u>
Market value at 30 June 2014	5,404,381	4,605,613	5,404,481	4,605,713
Historical cost at 30 June 2014	<u>4,259,557</u>	<u>3,570,639</u>	<u>4,259,657</u>	<u>3,570,739</u>
Investments at market value comprised:				
UK listed fixed interest securities	418,711	616,736	418,711	616,736
UK listed equity shares	1,752,196	1,242,906	1,752,196	1,242,906
UK listed investment trusts and unit trusts	1,841,580	2,247,193	1,841,580	2,247,193
Overseas listed fixed interest securities	196,153	161,312	196,153	161,312
Overseas listed investment trusts and unit trusts	1,195,741	337,466	1,195,741	337,466
Unlisted investments	-	-	100	100
Market value as at 30 June 2014	<u>5,404,381</u>	<u>4,605,613</u>	<u>5,404,481</u>	<u>4,605,713</u>

Unlisted investments at cost comprise:

2 Carlton House Terrace Limited - 100 ordinary shares of £1 each

2014 £	2013 £
100	100
<u>100</u>	<u>100</u>

The College owns 100% of the ordinary share capital of 2 Carlton House Terrace Limited which has been consolidated as a subsidiary undertaking throughout.

14. Stocks

Group and College	2014 £'	2013 £
Memorabilia for resale	8,286	10,079
Wines	2,914	6,488
	<u>11,200</u>	<u>16,567</u>

15. Debtors

	Group		College	
	2014 £	2013 £	2014 £	2013 £
Prepayments	74,763	80,515	74,763	80,515
Other debtors	140,891	172,184	134,538	128,253
Amounts due from subsidiary undertaking	-	-	8,163	22,938
	<u>215,654</u>	<u>252,699</u>	<u>217,464</u>	<u>231,706</u>

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

16. Creditors

	Group		College	
	2014 £	2013 £	2014 £	2013 £
Amounts falling due within one year				
Deferred income (note 17)	1,705,517	1,653,100	1,705,517	1,653,100
Trade Creditors	170,903	148,123	170,903	148,123
Other creditors	59,460	221,982	57,443	210,619
Taxation and social security	51,881	44,071	51,881	44,071
Accruals	120,409	151,962	119,556	136,782
	<u>2,108,170</u>	<u>2,219,238</u>	<u>2,105,300</u>	<u>2,192,695</u>

17. Deferred income

Group and College	2014 £	2013 £
Balance at 1 July 2013	1,653,100	1,457,147
Amount released to incoming resources	(1,653,100)	(1,457,147)
Amount deferred in the year	1,705,517	1,653,100
Balance as at 30 June 2014	<u>1,705,517</u>	<u>1,653,100</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

Group and College	2014 £	2013 £
Commitments outstanding at the start of the year	50,000	25,000
New commitments charged to the SOFA during the year	25,000	25,000
Amount of commitments at 30 June 2014	<u>75,000</u>	<u>50,000</u>
Timing of commitments		
Commitments payable after one year	75,000	50,000
Amount of commitments at 30 June 2014	<u>75,000</u>	<u>50,000</u>

The above liability relates to the external decoration of the College's leasehold premises, which is undertaken every four years as a requirement of the lease. The works are organised and managed by the freeholder's agent and are therefore outside the scope and control of the College. Amounts charged to the SOFA are to spread the cost of this work evenly over a four year period.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

19. Total Funds Group and College	Balance at 1 July 2013 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance at 30 June 2014 £
Restricted funds						
Research Pool Fund	48,849	491	(2,165)	-	-	47,175
Oliver Memorial Fund	96,934	2,807	(982)	-	8,649	107,408
Bhagwan Singh Fund	36,373	1,425	-	-	1,796	39,594
Flynn Lecture Fund	38,172	554	-	-	7,934	46,660
Kohn Memorial Fund	33,047	938	(596)	-	(1,086)	32,303
Developmental Pathology Fund	16,224	91	(97)	-	-	16,218
National Laboratory Medicine Catalogue Fund	202,590	1,326	(29,125)	(18,000)	-	156,791
Medical Examiner Training Fund	96,536	573	-	-	-	97,109
Revalidation Fund	22,016	15,125	(49,301)	15,046	-	2,886
CPA Trust Fund	12,468	70	-	-	-	12,538
E-Learning Project Fund	25,000	-	-	-	-	25,000
Death Certification Project Fund	26,814	159	-	-	-	26,973
Collaborative Project Fund	15,000	-	(15,000)	-	-	-
HSST Curricula Project Fund	37,145	-	(18,818)	(4,219)	-	14,108
Labskills Africa Fund	97,286	370,000	(344,285)	(11,071)	-	111,930
Clinical Leadership Fund	-	163,200	(170,500)	25,000	-	17,700
Public Engagement Fund	7,500	810	(154)	-	-	8,156
Furness Prize Fund	1,832	10	(200)	-	-	1,642
	813,786	557,579	(631,223)	6,756	17,293	764,191
Unrestricted Funds						
Designated Leasehold Replacement Fund	2,436,162	-	-	325,000	-	2,761,162
Designated Cancer Reporting Fund	100,000	-	(3,950)	-	-	96,050
Designated International Fund	159,625	-	(35,975)	-	-	123,650
Designated Public Engagement Fund	119,026	-	(11,219)	-	-	107,807
Designated Digital Strategy Fund	-	-	-	125,000	-	125,000
Designated E-learning Fund	-	-	-	65,000	-	65,000
General unrestricted fund	10,066,812	4,504,041	(3,949,733)	(521,756)	198,286	10,297,650
Total Funds	13,695,411	5,061,620	(4,632,100)	-	215,579	14,340,510

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 Kohn Memorial Fund was established in 1987 to fund an annual lecture mainly in clinical biochemistry. The 2013 lecture was given by Robert Hamlin 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 2014 lecture was given by Peter Blair at the Development Pathology conference in June.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

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 is supported by grant in aid from the Department of Health (England). The transfer represents expenditure made from the general fund during the year.

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 CPA Trust 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 education and/or training into all areas of quality and efficiency in medical laboratories, with particular reference to pathology laboratories.

The E-learning Project Fund was established to fund the provision of electronic learning for pathology trainees, and was supported by grant in aid from the Department of Health (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 Collaborative Project Fund was established to fund training in service improvement and patient safety.

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. The transfer represents expenditure made from the general fund during the year.

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 leasehold replacement fund represents security against the declining value of the lease. The intention is to build up the value of this fund over time to provide for the future cost of renewing the lease on the premises. During the year £325,000 was transferred into this fund from unrestricted funds.

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 will be incorporating as a not for profit organisation and the College will be 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 Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2014

20. Restricted and designated funds (continued)

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 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.

21. Analysis of net assets between funds

Group and College	Tangible fixed assets £	Investments £	Net current assets £	Total £
Restricted Funds				
Research Pool Fund	-	-	47,175	47,175
Oliver Memorial Fund	-	97,192	10,216	107,408
Bhagwan Singh Fund	-	32,686	6,908	39,594
Flynn Lecture Fund	-	37,275	9,385	46,660
Kohn Memorial Fund	-	21,874	10,429	32,303
Developmental Pathology Fund	-	-	16,218	16,218
National Laboratory Medicine Catalogue Fund	-	-	156,791	156,791
Medical Examiner Training Fund	-	-	97,109	97,109
Revalidation Fund	-	-	2,886	2,886
CPA Trust Fund	-	-	12,538	12,538
E-Learning Project Fund	-	-	25,000	25,000
Death Certification Project Fund	-	-	26,973	26,973
HSST Curricula Project	-	-	14,108	14,108
Labskills Africa Fund	-	-	111,930	111,930
Clinical Leadership	-	-	17,700	17,700
Public Engagement Fund	-	-	8,156	8,156
Furness Prize Fund	-	-	1,642	1,642
	-	189,027	575,164	764,191
Unrestricted Funds				
Designated Leasehold Replacement Fund	-	2,761,162	-	2,761,162
Designated Cancer Reporting Fund	-	-	96,050	96,050
Designated International Fund	-	-	123,650	123,650
Designated Public Engagement Fund	-	-	107,807	107,807
Designated Digital Strategy Fund	-	-	125,000	125,000
Designated E-learning Fund	-	-	65,000	65,000
General Unrestricted Fund	5,703,005	2,454,192	2,140,453	10,297,650
	5,703,005	5,404,381	3,233,124	14,340,510

22. Contingent commitments

In April 2013 College Council entered into a joint sale and marketing agreement with the freeholder of the College's building at 2 Carlton House Terrace, that, subject to the conditions of that agreement being met in due course, the College's interest in the premises will be sold.