



Royal College  
of Surgeons

ADVANCING SURGICAL CARE



# Annual report and accounts

for the year ended 30 June 2017



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# President's Foreword

I am pleased to present this report, which summarises the achievements of my predecessor, Miss Clare Marx, in her final year as President. I want to record my gratitude to Clare for her leadership of the RCS during the past three years, particularly in putting the finances on a sustainable footing and for leading the much-needed transformation of the RCS buildings in Lincoln's Inn Fields.

This report highlights the wide range of activities we have undertaken in the past year and demonstrates how the RCS continues to advance surgical care through all our work. I highlight the following areas where tangible progress has been made this year.

We have made major advances in our aim to create a surgical training programme that delivers professionals who are able to provide the highest quality of care to patients in the NHS. In partnership with Health Education England, we announced the first 21 trusts and hospitals that we will be working with to deliver the Improving Surgical Training (IST) project. The programme will trial improvements in the quality of training, creating a better balance between service and training for trainees, professionalise the role of trainers and develop members of the surgical care team to work alongside surgical trainees to improve patient care.

Our world-class research programme continued to deliver high-quality surgical research both in the UK and internationally. Our surgical trials centres are now working on close to 100 trials which have recruited around 30,000 patients since we began the initiative in 2013. These have been able to assess new surgical techniques on an unprecedented scale that will ultimately deliver new and better care to thousands of patients. In the year we were able to fund 34 research fellowships, many in partnership with leading organisations.

We continued our long-term efforts, on behalf of surgical patients and surgeons, to put pressure on clinical commissioning groups (CCGs) to overturn policies that ignore clinical guidance in rationing surgery. Throughout the year we saw a rise in waiting times and more blanket bans on treatment purely for financial reasons. We had many successes in getting individual CCG plans reversed as well a letter from NHS England to CCGs warning them against clinically inappropriate restrictions on orthopaedic operations.

Within the RCS, we remain focused on delivering our ambitious programme of transforming the organisation. With planning permission granted in January, we now enter the period of redevelopment of our Lincoln's Inn Fields buildings alongside the delivery of many of our services and activities closer to our members in the regions and devolved nations.

I would like to extend my thanks to everyone who contributes to and supports the RCS in all its work.

**Professor Derek Alderson**

**President**

The Royal College of Surgeons of England

# Chief Executive's Introduction

This report documents the activities of the Royal College of Surgeons of England and presents our financial statements for the year ended 30 June 2017.

At the outset, I extend my gratitude to the members, staff and supporters for their commitment to the RCS during a demanding year as we continue to transform the RCS for the future.

The focus of much of our work over the last year was to enhance our offer to members in the UK and worldwide, ultimately for the benefit of patients. We continued to offer high standards in our core functions of learning and assessment. We developed our approach to quality improvement, principally through the Chole-QulC project that aims to empower clinicians in their local trusts to reduce access times to urgent gall bladder surgery. We continued our work with Health Education England to devise and test improvements to surgical training. Our Women in Surgery network continued to thrive. We have become a leading player in a global network of surgical research, and have embarked on a number of international development projects in Low and Middle Income Countries. We have a strong media presence as a leading commentator on issues affecting patients who require surgery. As evidence of our success, membership continued to grow, particularly in our core surgical and dental surgical membership, so that we are now well past 26,000 members.

In January we secured planning permission from Westminster City Council to redevelop our Lincoln's Inn Fields base into a landmark building that offers modern and flexible facilities for members, the public and staff. We will be using the opportunity of a smaller, temporary home in the Nuffield building over the next three years to hold more events and courses around the country. Our fundraising campaign for the redevelopment, chaired by former President Clare Marx, is already starting to attract additional support for the programme and will continue to gather pace during the coming year.

To support all these activities we embarked on a major efficiency programme to deliver better ways of working and year on year reductions to the operating costs of the RCS. The first stage of this work, completed in March, will deliver underlying annual savings of over £1m going forward. We have succeeded in delivering an unrestricted operating surplus of £966k this year. This is a very encouraging result given the additional investment we have needed to make in the year ahead of our capital redevelopment and the one-off implementation costs to deliver efficiency initiatives.

As we enter the period of redevelopment for the next three years it is essential we continue to focus our resources and efforts on activities and services that support our members and advance surgical care so the RCS emerges from the redevelopment stronger and fit for the future.

**Mr Andrew Reed**

**Chief Executive**

The Royal College of Surgeons of England

# Reference and Administrative Details

## Charter

The Royal College of Surgeons of England was established by Royal Charter in 1800 to promote and encourage the study and practice of the art and science of surgery. Its earlier history lies in the records of the City Companies of Surgeons and Barber Surgeons. The affairs of the RCS are regulated by its founding and subsequent charters and ordinances. The most recent of these charters was granted in April 2015, and prior to that in March 1992. The RCS is a charity, with the registered number 212808.

## Constituent Parts

For administrative purposes, the College comprises the Commonalty of Surgeons, the Faculty of Dental Surgery (FDS) and the Faculty of General Dental Practice (UK) (FGDP(UK)).

## Trustees

The Board of Trustees, which came into effect with our new charter in April 2015, comprises the College Officers, the Deans of the Dental Faculties, three elected trustees (elected by and from Council), and four lay trustees appointed by the Board.

### *Officers*

President: Professor D Alderson (appointed as President 13 July 2017)  
Miss C Marx (until 13 July 2017)

Vice-Presidents: Mr S Cannon (until 13 July 2017)  
Professor D Alderson (until 13 July 2017)  
Mr I Eardley  
Miss S Hill (appointed 13 July 2017)  
Professor N Mortensen (appointed 13 July 2017)

### *Deans of the Faculties*

FDS Dean: Mr M Escudier (appointed as Dean 23 June 2017)  
Professor N Hunt (until 23 June 2017)

FGDP Dean: Dr M Horton

### *Elected Trustees*

Mr J Abercrombie (appointed 13 July 2017)  
Miss S Hill (until 13 July 2017)  
Mr P Kay (appointed 13 July 2017)  
Mr R Kerr (until 13 July 2017)  
Professor N Mortensen (until 13 July 2017)  
Miss F Myint (appointed 13 July 2017)

### *Lay Trustees*

Mr M Hussey  
Sir Amyas Morse (appointed 1 April 2017)  
Mr R Napier (until 31 March 2017)  
Mr J Robinson  
Mr D Whitney

## Members of Council

Council consisted of 24 elected surgical fellows, 10 appointed surgical specialty association members, and 2 dental surgery fellows elected by the Board of the Faculty of Dental Surgery. Elected surgical Council members are elected by postal ballot by fellows and members of the RCS. Appointed surgical specialty association members are appointed by a transparent and democratic procedure that has been determined by their appointing surgical specialty association and approved by the Council. In addition, during the year a number of invited members representing specific interests attended Council meetings.

As well as the officers listed above, the elected surgical and dental surgery fellows were:

Mr J Abercrombie	Mr R Kerr	<b>Appointed surgical specialty association members:</b>	
Mr S Ahmed	Mr P Lamont (appointed 13 July 2017)		
Mr W Allum (appointed 13 July 2017)	Miss V Lees		
Mr M Bircher	Mrs S McNally		
Miss S Boddy (until 12 July 2017)	Professor N Mortensen		
Professor T Briggs	Mr T Mitchell (appointed 13 July 2017)		
Mr S Chadwick (appointed 13 July 2017)	Miss F Myint		
Mr M Escudier	Mr P O'Flynn		
Miss H Fernandes	Professor M Parker (until 12 July 2017)		
Mr M Hawthorne (until 12 July 2017)	Professor T Rockall		
Miss S Hill	Professor N Standfield		
Professor N Hunt (until 23 June 2017)	Mr T Terry		
Mr P Kay	Miss S Vig		
			Mr G Cooper
			Mr T Goodacre
			Mr D Jones
			Mr N Markham
			Mr I Martin
			Mr A Nanu
		Mr N Phillips	
		Professor C Shearman	
		Mr R Stewart	
		Mr A Swift	

## Principal advisors

### Bankers

C Hoare & Co	37 Fleet Street, London EC4P 4DQ
HSBC Bank PLC	60 Queen Victoria Street, London EC4N 4TR

### External Auditor

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

Grant Thornton UK LLP	30 Finsbury Square, London EC2P 2YU
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### Solicitors

Bircham Dyson Bell	50 Broadway, London SW1H 0BL
Farrer & Co	66 Lincoln's Inn Fields, London WC2A 3LH

### Investment Managers

Cazenove Capital Management (a trading name of Schroder & Co Ltd)	31 Gresham Street, London EC2V 7QA
Sarasin & Partners LLP	Juxon House, 100 St Pauls Churchyard, London EC4M 8BU

### Property Development Advisors

Lendlease Consulting Ltd	20 Triton Street, Regents Place, London NW1 3BF
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## Registered Office

The Charity's registered office is at 35–43 Lincoln's Inn Fields, London WC2A 3PE.

# Funding Partnerships

As a registered charity (212808), the RCS relies upon charitable support to underpin its work in advancing surgical standards through education, research and training.

The RCS is grateful to its many supporters, whose donations and encouragement are crucial as the demands on the RCS's limited resources become ever greater. We would like, in particular, to acknowledge the following charitable trusts, foundations, companies and individuals.

## Foundations, Charitable Trusts, Associations and Individuals

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Association of Breast Surgery	Henry Lumley Charitable Trust
Association of Upper Gastrointestinal Surgeons	Hon Society of Knights of the Round Table
Ballinger Charitable Trust	Benevolent Fund
Barbara Whatmore Charitable Trust	Huggard Charitable Trust
Beit Trust	Joseph Strong Frazer Trust
Breast Cancer Now	Lord Leonard and Lady Estelle Wolfson Foundation
British Association of Plastic, Reconstructive and Aesthetic Surgeons	Mary Kinross Charitable Trust
British Medical Association	Mr Nick Lane
British Society for Surgery of the Hand	Mr Leon J Grant
Brock Webb Trust	Nottingham Trent University
Dinwoodie Charitable Company	Oakdale Trust
Dunhill Medical Trust	Orthopaedic Research UK
Edwin George Robinson Charitable Trust	Provincial Grand Chapter of Devonshire
EF & MG Hall Charitable Trust	Reuben Foundation
Enid Linder Foundation	Rosetrees Charitable Trust
ENT UK	Royal College of Anaesthetists
Frances and Augustus Newman Foundation	Shears Foundation
Freemasons Fund for Surgical Research	Swann-Morton Foundation
G D Herbert Charitable Trust	Vascular Surgical Society of Great Britain & Ireland
G M Morrison Charitable Trust	Wellington Hospital
George and Esme Pollitzer Charitable Settlement	Welton Foundation
George Drexler Foundation	Worshipful Company of Barbers
Gilbert & Eileen Edgar Foundation	Worshipful Company of Needle-makers
Golden Bottle Trust	Wyndham Charitable Trust

## Corporate Support

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Acumed	CAE Healthcare
American Orthodontics	Chase De Vere
Army Medical Services	Cure International (UK)
B Braun Medical	De Soutter Medical
BK Ultrasound	Delta Surgical
Boston Scientific	Doctify
Baxter Healthcare	Edwards Lifesciences
Biocomposites	Eido Healthcare
Carefusion	Eosurgical
Carleton	Erbe Medical UK
Cook Medical	Eschmann Equipment



Ethicon UK  
 Femcare Nikomed  
 Finishing Touches  
 Fundamental VR  
 GE Healthcare  
 Genesis Medical  
 Gilmour & Associates  
 Guardian Surgical  
 Haag-Streit UK  
 Healthcare 21 Group  
 Holoxica  
 June Medical  
 Karl Storz Endoscopy (UK)  
 Laborie  
 L F D Group  
 Limbs and Things  
 Maquet  
 Medical Defence Union  
 Medical Protection Society  
 Medi Plus  
 McGraw-Hill Education  
 Medical Defence Union  
 Medical Money Management

Medtronic UK  
 Molnlycke Health Care  
 National Locums  
 Olympus  
 Ossur  
 Q Medical Technologies  
 Richard Wolf UK  
 Sonosite Fujifilm  
 Smith and Nephew Healthcare  
 Stiefel  
 Stryker  
 Synergy Health  
 Sebbin UK  
 Sectra  
 THD Lab  
 Thomas Tunnock  
 TruCorp  
 Toshiba  
 Vertex  
 Virtamed  
 Wetlab  
 W L Gore and Associates (UK)  
 Zimmer Biomet

## Endowed and Restricted Funds

Alban Barros D'Sa Scholarship Fund  
 Blond McIndoe Fund  
 Doctor Shapurjui H Modi Memorial ENT Fund  
 Fellows Fellowship Fund  
 Guyatt Fund – Sir Alan Parks Research Fellowship  
 Harold Bridges Bequest  
 Harry S Morton Fund  
 Margaret Witt Scholarship Fund  
 Parks Visitorship

Patricia Curry Research Fund  
 Philip and Lydia Cutner Fund  
 Philip King Research Fund  
 Preiskel Family Fund  
 Rex & Jean Lawrie Overseas Surgical  
 Training Fund  
 Sorab (Soli) Jamshed Lam Research Fund  
 Vandervell Research Fund

## Legacies

The late Mrs M L Anderson for general charitable purposes  
 The late D R Bhadreshwar for general charitable purposes  
 The late Miss M Clay for general charitable purposes  
 The late Miss D M H H Cothay for research into orthopaedics  
 The late J F Cowlin for general charitable purposes  
 The late Ms L M Daniel for general charitable purposes  
 The late M E Dawes for general charitable purposes  
 The late Mrs J E Duncan for general charitable purposes  
 The late Mr K H Fazackerley for general charitable purposes  
 The late Mrs A J Howard for research into cancer

The late Ms W H Johnston for general charitable purposes  
 The late Sir R E Kelly to establish the Sir R E Kelly Fellowship Fund  
 The late Miss AA Kelly to establish the Sir R E Kelly Fellowship Fund  
 The late Miss R R Liebsny for support of the Preiskel Prize  
 The late Mrs A Marks for general charitable purposes  
 The late Dr J B McCully for general charitable purposes  
 The late Mr A R Mowlem for general charitable purposes  
 The late O Staines for general charitable purposes  
 The late Miss M M Williams for general charitable purposes

# Structure, Governance and Management

The RCS Board of Trustees has responsibility for the overall direction of the RCS, but delegates all substantive matters relating to professional and public policy to the Council, and allows it to further delegate its powers.

Trustees and Council members are given an induction course on the RCS and ongoing training on their responsibilities and other matters as required.

The committees of the RCS Board, as of 30 June 2017, were:

COMMITTEE	CHAIR
<b>Audit and Risk Committee</b>	Mr C Graham
<b>Finance and Investment Committee</b> <i>(from 1 July 2017)</i>	Sir A Morse
<b>Remuneration and Nominations Committee</b>	Mr J Robinson
<b>Project 2020 Committee</b>	Mr I Eardley

Council members directly responsible to Council for the following areas, as of 30 June 2017, were:

COMMITTEE	RESPONSIBLE AREA	COUNCIL MEMBER
<b>Annals and Bulletin Editorial</b>	Overall responsibility	Professor N Mortensen
<b>Career and Professional Development Committee</b>	Overall responsibility Surgical workforce Surgical training Supporting surgeons	Mr I Eardley Mrs S McNally Mr I Eardley Mr I Martin
<b>Dental and Surgical Examination</b>	Overall responsibility	Miss F Myint
<b>Influence and Engagement Committee</b>	Overall responsibility UK health policy International	Professor D Alderson Mr R Kerr Professor V Lees
<b>Library, Museums and Archives</b>	Overall responsibility	Professor N Mortensen
<b>Quality and Standards Committee</b>	Overall responsibility Surgical data Quality improvement	Mr S Cannon Mr G Cooper Mr J Abercrombie

The Faculty of Dental Surgery reports to Council and forms part of the business of the RCS Board of Trustees. The Faculty of General Dental Practice (UK) reports to the RCS Board of Trustees. Each faculty has its own committee structure and has a Dean to chair the boards of each of their respective faculties. The results of both dental faculties are included in the RCS' financial statements.

The RCS Board delegates to the Chief Executive responsibility for the day-to-day management of the RCS and he delegates management of specific functions to Directors, each of whom is responsible for a directorate.

Council and the boards of the two dental faculties are elected by the subscribing fellows and members.

As at 30 June, the numbers of fellows and members in each category were as follows:

		<b>2017</b>	<b>2016</b>
Commonalty of Surgeons	UK	13,539	13,178
	Overseas	4,911	4,832
	<b>Total</b>	<b>18,450</b>	<b>18,010</b>
Faculty of Dental Surgery	UK*	3,012	2,972
	Overseas	642	639
	<b>Total</b>	<b>3,654</b>	<b>3,611</b>
Faculty of General Dental Practice (UK)	UK*	2,560	2,695
	Overseas	23	21
	<b>Total</b>	<b>2,583</b>	<b>2,716</b>
Joint Members of FDS and FGDP (UK) (MJDF)	UK	1,644	1,756
	Overseas	112	80
	<b>Total</b>	<b>1,756</b>	<b>1,836</b>
Total Fellows and Members	UK	20,472	20,369
	Overseas	5,688	5,572
	<b>Total</b>	<b>26,160</b>	<b>25,941</b>

\*Both categories include 283 joint FDS and FGDP members who are not eligible for the MJDF category (2016: 232).

## Management

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The principal managers employed by the RCS during the year were:

Chief Executive	Mr A Reed
Deputy Chief Executive	Mrs J Weller
Interim Executive Director (Resources)	Ms C Hibbs (from 1 September 2016)
Executive Director (Learning and Quality)	Mr S Hills (from 1 September 2016)
Executive Director (External Affairs)	Mr S Edwards (from 1 September 2016)
Director of Finance	Ms C Hibbs
Director of Education	Ms F Alexander
Director of Research	Mr M Coomer
Director of Communications	Mr S Edwards (until 31 August 2016)
Development Director	Mr J Fountain (until 3 April 2017)
Director of Dental and Surgical Examinations	Mr S Hills (until 31 August 2017)
Director of International Affairs	Mr D Jackman
Director of Professional and Clinical Standards	Mrs K Smith
Registrar of the Faculty of Dental Surgery	Mr J Vandridge Ames
Director of the Faculty of General Dental Practice (UK)	Ms F Erasmus (until 31 July 2016)
Director of the Faculty of General Dental Practice (UK)	Mr S Thornton-Wood (from 26 September 2016)

# Report of the Trustees

The trustees of the RCS are pleased to present their report for the year ended 30 June 2017.

## Objects and Aims

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The RCS was established for the study and promotion of the art and science of surgery.

## Mission Statement

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The RCS is committed to enabling surgeons to achieve and maintain the highest standards of surgical practice and patient care.

## Core Values

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We will:

- ▶ put the interests of patients at the heart of all we do;
- ▶ provide leadership and support for surgeons of all specialties;
- ▶ develop the potential of surgeons through education, training and research;
- ▶ work closely with the specialty associations and other organisations to achieve our mutual aims;
- ▶ foster and develop the RCS's employees;
- ▶ promote equality of opportunity and act against discrimination in all aspects of College life; and
- ▶ be fair, responsible, open and accountable for all we do.

## Strategic Aims

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We will:

- ▶ provide strong leadership and support for surgeons in all matters relating to their surgical practice throughout their surgical careers;
- ▶ work with patients, the general public and government to improve surgical services;
- ▶ consolidate the RCS' position as a leading national and international centre for surgical education, training, assessment, examination and research;
- ▶ lead the whole multi-professional surgical team in all matters relating to the care of the surgical patient, including the surgical treatment of children, and further develop its role in setting and maintaining standards of practice for all the members of that team throughout their careers;
- ▶ develop the RCS' structure and function to allow it to achieve its goals;
- ▶ promote – through consultation and collaboration with other royal colleges, the specialist associations and other interested parties – the development of an effective single voice for surgery on relevant professional issues.

## Public Benefit

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The RCS delivers public benefit through a wide range of activities that influence and support the professional development of surgeons and the delivery of surgical services for the benefit of patients, surgeons and trainee surgeons. We provide strong leadership and support for surgeons in all matters relating to their surgical practice throughout their careers. Our activities and achievements, which all lead to public benefit, reinforce our strategic aims and demonstrate our commitment to maintain the highest standards of surgical practice and patient care.

The trustees confirm that they have paid due regard to the guidance issued by the Charity Commission on public benefit, and further confirm that the activities of the RCS are carried out for public benefit. Our work is based on a number of the charitable purposes defined in the Charities Act 2006 – chiefly the advancement of education, the advancement of health or the saving of lives, and the advancement of the arts, culture, heritage or science. We engage directly with the public through the Hunterian Museum, the media, our publications and our journals (the *Annals*, the *Bulletin* and *FDJ*).

## Activities and Achievements During 2016–2017

The following summarises our activities and achievements during the year against the future plans outlined in the previous year's annual report and accounts.

In July 2015 the RCS published its three new strategic priorities for the period 2015–2019, which underpinned the RCS' vision of Advancing Surgical Care. During this period we will be focusing our activities and resources on delivering these priorities. The following summarises our progress over the past year in delivering these priorities:

### **Quality and Standards (Priority 1) – Advance standards and reduce the variability of patient outcomes**

The RCS continues to focus on improving the standard, quality and safety of patient care.

In October 2016 we launched the Cholecystectomy Quality Improvement Collaborative (Chole-QulC), our flagship quality improvement project. Working with 13 hospitals across the UK we aim to reduce time to urgent cholecystectomy by using quality improvement (QI) methodology to empower clinicians to drive change within their own organisations. Individual site coaching sessions with our expert quality improvement team and wider meetings of the collaborative to share best practice will run until January 2018. Data from all 13 hospitals will be evaluated to demonstrate the impact being part of Chole-QulC has had on patient care, and how a quality improvement collaborative model could benefit other areas of surgical care.

Our good practice guide *Consent: Supported decision-making* helped surgeons to meet the requirements of the 2015 ruling of the UK Supreme Court in the case of *Montgomery v Lanarkshire Health Board*. Fundamentally changing the practice of consent, this ruling shifted the focus of a consent discussion to the specific needs of each individual patient. Our guidance sets out the principles of supporting patients in their decision-making, describes the full implications of the new legal context, offers guidance on discussing treatment options with the patient, and advises on how to document the consent process followed. Our supporting podcast demonstrated the value of this guidance to surgeons with over 3800 "listens". We also launched a new Duty of Candour eLearning module to support our 2015 Duty of Candour Good Practice Guide. The module provides a clear introduction to the recent legislation, as well as the professional, ethical and legal duties of surgeons.

Having taken forward the recommendations of the Department of Health's review into the regulation of cosmetic interventions, we have launched a certification scheme that enables surgeons to provide evidence of their competence (including professional behaviours, clinical skills, knowledge and experience) in defined areas of cosmetic surgery. The UK's first surgeon to complete this process was certified in June 2017.

We undertook important work to assure and improve the quality and safety of patient care through our invited review service, completing 30 individual, service and clinical record reviews in 2016-2017. Our quality assurance service accredited 89 CPD events, 9 Senior Clinical Fellowships, 5 surgical education centres, 4 surgical courses, 4 High Education Institutions and 2 Surgical Care Practitioner courses.

We awarded 34 one-year research fellowships including two joint fellowships with the British association of Paediatric Surgeons (BAPS), two six month Fulbright fellowships and one two-year NJR fellowship. Our partnership with the University of Gothenburg was extended with full funding for a third year to allow the fellow to complete their PhD. Our agreement with Cancer Research UK (CRUK) was renewed and we increased our support to two joint fellowships each year. In addition, we awarded six Pump Priming grants to newly appointed consultants to undertake pilot work in preparation for applying for a programme grant, and sixteen intercalated BSc grants for medical students whose subject relates to surgery.

A Surgical Specialty Lead (SSL) in urology was appointed, bringing the current total to 10. The SSLs have all recruited trainees to help lead the research activity among trainees in their specialty, as Associate Surgical Specialty Leads. The seven Surgical Trials Centres (STCs) are currently working on close to 100 trials, 42 of which are open and recruiting patients with a further 35 trials in set-up, to be launched soon. Close to 30,000 patients have been recruited since the launch of the initiative. The next phase focuses on maintaining the current network and developing capacity by recruiting Professorial Chairs in Surgical Research across the RCS STCs.

### **Career and Professional Development (Priority 2) – Attract, educate, develop and support high-quality surgeons**

We completed the second year of the Lady Wolfson Emerging Leaders Programme. The programme is run to encourage women in surgery to apply for a range of RCS appointed and associated roles. 8 Fellows completed the programme during the year and recruitment is complete for the next cohort of fellows. The programme has received positive feedback from participants who

have gained the knowledge and confidence to apply for leadership roles in the College and their regions with many subsequently applying for these senior roles.

To further our aim to create a surgical training programme that delivers professionals who are able to provide the highest quality of care to patients in the NHS, the RCS and Health Education England (HEE) announced the first 21 Trusts and hospitals that they will be working with to deliver the Improving Surgical Training project (IST). The pilot sites, from eight Schools of Surgery and Training Boards throughout the UK, will implement a new surgical training programme for general surgery. It will trial improvements in the quality of training, creating a better balance between service and training for trainees, professionalising the role of trainers and developing members of the extended surgical team to work alongside surgical trainees to improve patient care. It also provides the ideal opportunity to develop the concept of the “Modern Firm”, where multi-disciplinary teams provide junior doctors with the support they require in a positive and collaborative environment.

Improvements to patient care through the extended surgical team remain a core focus of our work. We have started the process of reviewing our membership categories to ensure that they are as inclusive to all members of the surgical team as possible. We are developing a guidance toolkit and supporting online resources to assist hospitals to maximise the benefits offered by the wider surgical team, and have undertaken extensive research into patient views, with outputs of this programme of work being launched in autumn 2017.

### *Influence and Engagement (Priority 3) – Influence and shape future health policy and practice to advance standards of surgical care nationally and internationally*

In a year that saw Brexit and a snap general election dominate the political agenda, the RCS continued to highlight the impact that NHS pressures are having on both patients and staff. We pushed for extra funding for the NHS and social care, stating that any extra funding for social care should be used in a way that relieves pressure on the NHS. The RCS remained one of the few non-government health organisations to set out at an early stage what we want to see from Brexit negotiations. The Health Secretary specifically promised to review EWTD arrangements for surgeons and language testing rules as part of Britain’s exit from the European Union.

We also continued to put pressure on clinical commission groups (CCGs) that impose policies ignoring clinical guidance to ration surgery by highlighting them in the media. Following our concerns about how NHS RightCare data was being used by CCGs to restrict hip and knee operations, NHS England wrote to CCGs warning them against clinically inappropriate restrictions on orthopaedic operations. Separately, a northern CCG reversed their rationing plans following lobbying from the RCS and local MPs who we had briefed. We have recently held a roundtable with NHS England to discuss what further we can do to prevent clinically unjustified rationing in the NHS.

The RCS received extensive media coverage for a joint RCS and BOMSS report on how some CCGs will require patients to become ‘super obese’ before they can access bariatric surgery, as well as the RCS’s new guidance on consent for surgeons which also received media coverage and a high level of engagement with stakeholders.

In Wales, The Welsh Government announced a review of the entire health and social care system. The RCS had repeatedly called for such a review in the run-up to the Welsh Assembly elections. The review has published an interim report, making the case for change and setting out the areas it will be focussing on. In Northern Ireland, the RCS has been appointed to a number of work streams to review implementation of Northern Ireland’s health and social care reforms.

The International Affairs Office started the delivery of the new international strategy during the year. This included initiating development projects in low- and middle- income countries (LMICs) including training for critical paediatric surgical conditions for district hospitals in India and surgical capacity building in Sri Lanka. As part of a new initiative we awarded seven international travel grants allowing the initiation or deepening of collaboration between surgeons and health institutions in the UK and their counterparts in specific resource-poor countries. In April we held our Global Surgical Frontiers 2017 conference on the theme of tough challenges – the surgical care of the young in partnership with Medsin, The Association of Surgeons in Training (ASiT) and the Global Anaesthesia, Surgery and Obstetric Collaboration (GASOC). During the year the International Surgical Training Programme continued to flourish with uptake significantly increasing as NHS Trusts return to the scheme, utilising spare training capacity, to host a further 46 international surgical graduates in the last year. We also enrolled nine new international partner institutions who nominate more trainees for the programme. This means that the RCS is able to provide a greater selection of candidates for fixed-term placements, and maintain assurance for the high level of training received. The mutual benefits of the scheme extend beyond the NHS, as the skills acquired allow these surgeons to improve clinical management and surgical practice globally, and the international surgical community gains new networks across the UK’s NHS Trusts.

We completed our latest membership survey in July 2016 to better understand issues and topics surrounding the membership and profession as a whole. We launched the results to our membership in February 2017, along with a five-point commitment to members demonstrating how we are going to address their concerns. Our five-point commitment outlined how we are going to: Increase satisfaction; Recognise and meet our members' needs: Enhance our support at every career stage; Personalise members' experience; and Provide better support regionally and digitally. We have agreed to action the points in our commitment over the next three years.

The Patient Liaison Group (PLG) has continued to work collaboratively with the RCS on many issues and policies, ensuring that surgical patients have a prominent voice in RCS campaigns, policy consultations and on our Council. The PLG played a key role in our surgical teamwork and our engagement with patient organisations across the health service.

The following summarises other key activities and achievements made by the College during the year.

#### *Training and assessing surgeons*

Over the past year the Joint Committee on Surgical Training (JCST) has recommended 631 UK and Irish trainees for certification and evaluated 193 CESR applications and reviews on behalf of the GMC. It has drawn up policy statements on less than full time (LTFT) training and on bullying and undermining, and has run a special joint survey on trainee morale with ASiT and BOTA as well as running a nationwide trainer survey alongside its regular trainee survey. It has been closely involved with Health Education England's (HEE's) work on improving junior doctors' working lives.

The JCST has a new Training Interface Group for Major Trauma, with advanced training fellowships due to start in 2018, and Version 10 of the Intercollegiate Surgical Curriculum Programme (ISCP) training management system is now up and running. There is a new curriculum for Core Surgical Training, and specialties are preparing to meet the GMC's new standards for postgraduate curricula and to incorporate its new Generic Professional Capabilities (GPC) framework, which together herald a sea change in the approach to training and assessment. Gareth Griffiths will succeed Bill Allum as JCST Chair from January 2018, and work is in progress on the next iteration of the JCST's 5-year strategy – to run 2018–23.

Professional surgical and dental examinations continued to consolidate the RCS' position as a leading national and international centre for surgical assessment. During the year we delivered 6,938 individual examinations (2,532 dental entries and 4,406 surgical entries). The examinations are held both in the UK and internationally. More than 99% of candidates endorsed the quality of the examinations service.

#### *Surgery: Past, Present and Future:*

##### *Promoting and preserving our surgical heritage*

The Hunterian Museum welcomed 84,953 visitors prior to 20 May 2017, when the Crystal Gallery closed for the final time. There were two major temporary exhibitions, both powerful in engaging the public in issues surrounding medical ethics and surgical practice and innovation.

Vaccination: Medicine and the Masses, a joint initiative with the Constructing Scientific Communities project, funded by the Arts and Humanities Research Council and led by the University of Oxford, included objects on loan from the Gordon Museum, Bodleian Library and Jenner Museum. Having opened in April 2016, it closed on 17 September that year.

Transplant and Life, an audio-visual exhibition by artists Tim Wainwright and John Wynne, gave voice to the patient experience and raised awareness of the importance of transplantation and the challenges surrounding it. The exhibition was officially opened by Sir Terrence English on 22 November 2016. Sir Terrence also gave a lecture on his pioneering work in heart transplantation in the UK as part of the accompanying public engagement programme. The exhibition ran until the Hunterian Museum closed in May 2017. Funding was provided by the Arts Council of England (ACE), Royal Brompton & Harefield Arts, Royal Free Hospital, University of the Arts London: London College of Communication, and the Board of Trustees of the Hunterian Collection.

The Wellcome Museum of Anatomy and Pathology attracted 1,717 surgical trainees and students before it closed at the end of February 2017. Activities included 'Open Surgery' events that offered tutored revision support for MRCS candidates. Museums and Archives staff also assisted 1,105 researchers.

Most of the Museum and Archive Teams' work during the year involved preparation for the decant of all of the Museum and Archive collections into temporary storage as part of the Transforming the Building Project.



### *Developing the RCS*

Significant progress was made in driving forward the redevelopment of the RCS buildings in Lincoln's Inn Fields. Following extensive consultation, and work with key stakeholders, planning permission was granted by Westminster City Council in January 2017. The plans allow the transformation of our London base into a modern, light and flexible facility in which we can provide the best possible education, examination and research facilities for the profession while at the same time embracing our prestigious heritage. The RCS team, with extensive support from architects, structural engineers and planning consultants, have delivered a design for a building to meet the needs of the RCS whilst also keeping a close control on costs. Refurbishment work to prepare part of the buildings for use as temporary accommodation during the building works commenced in February with work on the new building scheduled to start in September 2017.

During the year we embarked on an ambitious RCS wide change programme to ensure that we remain relevant to our current and future members and advance surgical care. This follows a review of the RCS carried out by Ernst and Young who examined how we could maximise our income and minimise our costs so we are a well-run organisation which delivers a reasonable surplus to devote to our strategic priorities and charitable purpose. The internal programme, *Doing Things Differently*, is a three-year programme focussed around the themes of efficiencies, discretionary spend, procurement, scope of services, IT and income generation opportunities. The programme has led to the restructuring of a number of areas of the organisation in order to improve resilience and outcomes.

The year was successful for fundraising at the RCS, with £2,726,129 donated to a range of projects, including education, surgical research, and Project Transform. Around a further £250,000 worth of gifts in kind was received to support RCS Education. The RCS gratefully acknowledges the generous support of all our donors who support us in carrying out our mission. In order to facilitate fundraising for redevelopment of the RCS buildings in Lincoln's Inn Fields, a fundraising campaign was initiated this year, with Miss Clare Marx (now immediate past President) taking on the role of Campaign Group Chair to spearhead the ambitious task of raising £10,000,000.

The RCS has continued to focus on business processes and efficiencies, implementing IT-based solutions for a number of support services around the RCS, and allowing our staff to focus on delivering a first-class service to our fellows and members. The surplus we report this year will allow the RCS to invest in delivering work that can benefit patients across the UK through support for surgeons.

### *Moving forward with dentistry*

In 2016-17 the Faculty of Dental Surgery continued its campaign to improve children's oral health and tackle the widespread problem of child tooth decay. As part of its public affairs work in this area the Faculty engaged with MPs and Peers from all major parties in order to raise the profile of children's oral health within parliament, and both Labour and the Conservatives made clear commitments on the issue in their 2017 General Election manifestos. The Faculty's successful media activity also enabled it to promote key public health messages, including the need to reduce children's sugar consumption and for toddlers to visit a dentist once their first teeth come through, and it was the most quoted organisation in the dental sector in the first half of 2017. Furthermore, the Faculty continued its work with Public Health England's Child Oral Health Improvement Programme Board to develop an online training resource for health professionals, and built relationships with key stakeholders in the pharmacy and nursing sectors in order to promote the importance of children's oral health amongst their workforces. Separately, another important aspect of the Faculty's work in 2016-17 focused on the need to improve English language testing for EU healthcare professionals coming to work in the UK, and it was able to secure a commitment from the Government to review this issue as part of the Brexit negotiations.

The Faculty of General Dental Practice (UK) (FGDP[UK]) remains the professional home for primary care dentistry celebrating its 25th anniversary during 2017. During the year the Faculty delivered its programme of world-class education courses in implantology, primary care oral surgery and restorative care alongside an active programme of e-learning. The widely respected clinical guidelines, written by dentists, for dentists, continued to be made freely available to the UK dental profession through the Faculty Open Standards Initiative. The Faculty also campaigned on a number of important dental care issues including supporting the vaccination of boys with the Human Papilloma Virus (HPV) vaccine, a leading cause of oral cancers, as well as developing approaches and improvements to dementia care in dentistry. In its 25th year, the Board of the FGDP considered its future aspirations and how best these can be realised. In February 2017 the Board took the decision to start the process of forming a new organisation that will serve the community of professional practice, independent of the Royal College of Surgeons. The foundations of the new organisation have started to be laid and work will continue over the coming financial year.

## Future Plans

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During the next year we will continue to deliver our vision to advance surgical care through our strategic priorities for 2015–19.

The priorities are as follows:

**Quality and Standards (Priority 1):** *Advance standards and reduce the variability of patient outcomes*

We aim to improve the use and quality of existing and possible future sources of clinical data. This information will inform and drive improvements in the care delivered by surgeons. The RCS will take a leading role in delivering quality improvement plans and sharing best practice specific to surgery.

**Career and Professional Development (Priority 2):** *Attract, educate, develop and support high-quality surgeons*

We will encourage and inspire students and doctors to become surgeons. We will play a central role in educating, developing and supporting surgeons throughout the whole of their careers.

**Influence and Engagement (Priority 3):** *Influence and shape future health policy and practice to advance standards of surgical care*

We will develop a proactive and planned approach to stakeholder engagement, nationally and internationally. We will include all those involved in the delivery of healthcare including clinicians, patients, managers, politicians and commissioning organisations.

**Transforming the way we support our membership and advance surgical care**

We will continue with our ambitious programme of transforming the way we support our membership and advance surgical care. This will include the commencement of the redevelopment of our Lincoln's Inn Fields buildings to create world-class training and examination facilities, improved member space and a more flexible, efficient working environment. We will also improve the efficiency of the organisation through a targeted efficiency programme.

# Financial Review

The annual accounts for 2016-17 present the financial results of the College prepared in accordance with the Charity SORP and FRS102.

The College has reported an overall net increase in its funds of £6.7m or 9% this year to take total funds managed to over £85m. This compares to a reduction of £1.15m in its funds in 2015-16. The results this year have been boosted by an exceptionally strong investment performance by both investment portfolios with net gains totalling £6.73m. The College has also succeeded this year in delivering an almost break-even consolidated operating position in respect of its charitable and trading activities after a period of reporting consolidated operating deficits (2016: £522k loss).

The College has returned an operating surplus on its unrestricted activities of £966k, including a surplus on its subsidiary trading operation of £271k, representing 4% of total unrestricted income. This is a good result for a year in which the College has needed to incur additional costs of transformation to not only deliver the first year of its efficiency programme but also to prepare for the transfer of its operations into its Nuffield property in September 2017 ahead of the start of the redevelopment of its Dance Barry property. Unrestricted funds stand now at £42.5m, representing 50% of total funds (2016: £38.46m and 49%). The College has seen its unrestricted funds grow by over 14% since 2015, a period that has coincided with significant capital investment and operational transformation as well as a change in the financial reporting standard that has required the College to recognise for the first time its share of the liability for the contributions payable under its multi-employer pension scheme deficit recovery agreements.

The College has continued to deliver substantial levels of activity that are supported by its restricted and endowed funds, incurring £7.75m of expenditure as in the previous year. A £1.4m increase in restricted income has helped to reduce the net drawdown on restricted and endowed funds to £988k for the year (2016: £2.38m). The College's restricted funds stand at £7.3m, representing a 6% reduction in the year and its endowed funds have increased by 10% to £35.4m reflecting the benefit of over £3.5m of investment gains this year.

The consolidated results for the 2016–17 financial year are summarised below.

Results for the year ended 30 June 2017	2017	2016	Change	
	£000	£000	£000	%
Donations and Legacies	5,287	4,324		
Charitable Activities	21,858	20,799		
Activities to Generate Funds	3,838	4,771		
Investment Income	2,378	2,627		
<b>Total Income</b>	<b>33,361</b>	<b>32,521</b>	<b>840</b>	<b>3%</b>
Raising Funds	3,167	4,162		
Charitable Activities	30,216	28,881		
<b>Total Resources Expended</b>	<b>33,383</b>	<b>33,043</b>	<b>340</b>	<b>(1%)</b>
<b>Net Income/(Expenditure)</b>	<b>(22)</b>	<b>(522)</b>		
Net Gains/(Loss) on Investments	6,731	(626)		
<b>Net Income/(Expenditure)</b>	<b>6,709</b>	<b>(1,148)</b>		
<b>Funds Carried Forward</b>	<b>85,224</b>	<b>78,515</b>	<b>6,709</b>	<b>9%</b>
Unrestricted Funds	42,505	38,464	4,041	11%
Restricted Funds	7,300	7,726	(426)	(6%)
Endowed Funds	35,419	32,325	3,094	10%
Unrestricted Funds	50%	49%		
Restricted Funds	9%	10%		
Endowed Funds	42%	41%		

Overall consolidated income rose to £33.4m for the year, an increase of 2.6% or £0.8m on the prior year. Donation income has increased by £0.8m reflecting a successful start to the College's fundraising campaign to support the capital redevelopment. Grants, donations & legacies represent 16% of income (2016: 13%). The College has seen continued growth in its examination fees (up 6%), and membership subscription fees (up 3%). Charitable activities represent 66% of income (2016: 64%). However, the closure of the College's residential facility at the end of March 2017 and the pending cessation of conference trading activities at the end of the year for the three-year period of redevelopment caused trading revenues to decline by 20% or just under £1m. The investment income contribution has also reduced this year to £2.4m, a reduction of 9% on 2016. The Board of Trustees approved in October 2016 a £10m divestment from the College's unrestricted investment portfolio to provide the College with additional short-term finance to support the capital development programme. These factors contributed to a 2% overall decline in unrestricted income to £26.6m.

Expenditure reached £33.4m in 2016-17, up just 1% overall on the prior year, the increase reflected in a 1% rise to £25.6m in unrestricted expenditure. The decline reported in trading revenues is reflected in an almost matching reduction in trading costs and this has helped to contain the impact on the unrestricted operating results of the additional costs the College has had to expend in preparation for the start of its capital development programme together with the significant one-off implementation and management costs related to the College's organisational transformation programme. As a result most categories of charitable expenditure have seen an increase this year. Expenditure on the College's museums & library has increased significantly reflecting the extensive exercise that has been undertaken throughout the year to prepare the College's heritage collections for storage. Support costs have remained relatively stable at just under £6m. The College continued to deliver a successful programme of Research and Clinical Effectiveness projects with just over £5m of activity incurred (2016: £5m). More research awards were made this year with a significant increase in the number of one-year research fellowships from 31 in 2016 to 41 this year.

The College has continued to develop and progress its programme of transformation investing its resources to support the development and delivery of both its professional and organisational strategic priorities. The combination of robust cost control and a range of cost reduction initiatives have enabled the College to successfully finance the additional investment demands in the year within a more or less balanced envelope.

The College's plans to re-develop its estate to create a modern working environment for the home of surgery by 2020 progressed during the year. Contracts for the sale of a long lease on the Nuffield property were exchanged in July 2017 and the design and build contract for the redevelopment of the Dance Barry property was signed on 1 September 2017. The College remains focussed on delivering the further cost efficiencies and improved margins on revenue-generating activities in order to achieve the level of annual operating surpluses on its unrestricted activities that will be required to minimise the financial burden arising from the re-development of the estate and to maximise the future opportunities for developing its charitable activities and advancing surgical care.

The College's financial statements consolidate the results and financial position of its wholly owned subsidiary, Hunter Trading Limited. The company markets conference and residential facilities that are not required for the College's own use (see note 20). The company delivered a reduced surplus of £271k for the year (2016: £402k) reflecting the challenging market conditions in the run up to the cessation of conference trading at the end of the year as well as the closure at the end of March 2017 of its residential facilities to allow the College to prepare its Nuffield property for accommodation of the College's operations in the new year. The company will continue to trade in the intervening three-year period but at a much reduced level of activity.

## Net Assets

Net Assets have increased by £6.7m or 8.5% from £78.5m to £85.2m. A net gain of £6.73m is reported this year on the externally managed investment portfolios. The portfolios were impacted by stock market uncertainties at the beginning of the financial year following the Brexit referendum but both have seen a steady and strong recovery in value during the rest of the year. These gains have mitigated the impact of the £10m divestment from the unrestricted investment portfolio on final fund values. Capital additions totalled £5.8m (see note 8), compared with £5.15m in the previous year, representing the second year of extensive design and planning work undertaken in respect of the planned re-development of the College's estate. Cash and short-term deposits have risen to £15.2m reflecting the transfer of £10m realised from the sale of investments into short-term deposits. This higher cash balance represents 177 days' expenditure (excluding depreciation), up from the prior year of 105 days. The College's overall current ratio stands at 1.57 for 2016-17, up from 1.12 in 2015-16.

## Financial Outlook

The College's underlying financial position continues to strengthen as the benefits delivered through organisational transformation begin to take effect and effective management of its sizeable investment funds delivers strong asset growth. The College commences its major property redevelopment programme in September 2017. The sale of a long lease on the College's Nuffield property will provide initial finance for the construction costs. The College will progress its transformation through a programme of continuous improvement with the objective of achieving further operational efficiency over the next few years. The College has made good progress in 2016-17 towards achieving its target surplus improvement by the end of the redevelopment period. The increased cash generated from operations will support in the shorter term the cost of redevelopment and reduce the level of debt financing that the College may require towards the end of the construction period. The improvements achieved in its operational efficiency will secure its financial sustainability in the longer term and provide the College with the resources to deliver on its exciting vision for the future of surgery.

Details of the College's income, expenditure and financial position are provided in the financial statements from pages 28–53.

## Reserves Policy

The College's Funds comprise unrestricted funds, restricted and endowed funds. The restricted and endowed funds result from grants, donations and legacies which can only be applied for a purpose specified by the donor or grantor and are not available for general purposes. The College aims to carry out the activities and projects supported by these funds on a timely basis in accordance with the purposes and conditions specified. Restricted and endowed funds totalled £42.7m at 30 June 2017 (Notes 18 and 19).

The unrestricted funds represent the accumulated surpluses generated from the College's general business activities and are funds that are available for use at the discretion of the trustees. They comprise fixed asset funds, designated funds and general funds.

### Fixed Assets Fund

The fixed assets fund comprises the funds invested in fixed assets that the trustees consider essential in enabling the College to implement effectively its operational strategy. The fund represents the net book value of the College's unrestricted tangible fixed assets. The College held £17.4m in its fixed assets fund at 30 June 2017 (2016: £12.3m).

### Designated Funds

Designated funds are funds that the trustees have earmarked for specific purposes. Since 2014 a total of £15.9m of general funds has been designated to be held for specific purposes. £13.6m of funds has been set aside for the re-development of the RCS London headquarters, £1.4m of funds was earmarked to support the digital transformation agenda and £0.9m for the IT transformation agenda. As at 30 June 2017, £10.7m of these funds has been expended. A total of £5.2m of designated funds remains at 30 June 2017 with £4m relating to the capital development project, £0.6m in respect of the digital transformation programme and £0.6m for IT transformation.

### General Funds

In accordance with Charity Commission guidance, the trustees set a target range for the level of free reserves, or, general funds, that the College should maintain to ensure its financial security and funding of its business plan. Free reserves or general funds are defined as its total unrestricted funds less its fixed assets and designated funds. The trustees determine that a prudent target range for the College's free reserves is between 75% and 100% (i.e. between nine months and twelve months) of gross annual unrestricted expenditure. This equates to a target range of £19.2m to £25.6m for the 2016-17 year.

This range is set taking into account the following:

- the risk of fluctuating income and expenditure levels;
- the risk of an unexpected need for funds;
- the need to provide working capital for the College's current operational and future development activities;

- the fact that the College's resources expended had regularly exceeded its incoming resources prior to the 2013–14 financial year;
- the funding shortfalls in the USS and SAUL defined benefit pension schemes and the future increases in employer contributions to eliminate these shortfalls.

The College's General Funds stand at £18.5m at 30 June 2017, 11% down on the prior year (2016: £20.88m). This represents 72.0% (2016: 82.6%) of the 2016-17 unrestricted expenditure which is 3% below the lower limit of the target range. The positive operating and investment performance in the year has not generated sufficient additional funds to finance the increased investment in fixed assets causing a depletion in general reserves. The College is embarked upon a four-year efficiency programme to 2020 that will improve its annual operating surpluses year by year, provide additional financing in the short term for its capital development, and enable its general reserves to be replenished within an acceptable timeframe.

## Investment Policy

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The College adopts a long-term investment horizon which is reflected in its focus on total return, diversification, risk control and capital preservation, and in its investment manager selection. Sarasin & Partners manage the College's restricted and endowed investments. Cazenove Capital Management manage the unrestricted investment portfolio. All the Funds are invested in a way that gives the College access to capital within a short period of time, should this be necessary, and, subject to the endowed status of the fund where applicable.

The investment managers are required to generate the College's annual income requirements for each fund and to maximise the total real rate of return for each fund in a risk-controlled manner through the use of a diversified portfolio invested across a range of different asset classes. Each fund manager is set strategic asset allocation target ranges for different asset classes and property should not ordinarily make up more than 12% of any portfolio. No direct or indirect investments in tobacco stocks are permitted.

The unrestricted portfolio has a current target yield 4.1% and a long-term total return in line with market indices. The restricted and endowed portfolio has a current target yield of 3.3% and a long-term total return of RPI plus 4.6%.

Short-term cash not required to support general operations is placed on short-term fixed term deposits with approved investment managers.

## Investment Performance

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The College constituted a newly combined Finance and Investment Committee on 1 July 2017 to oversee all matters pertaining to the College's financial planning and performance, including investment management, and to advise and report on a regular basis to the Board of Trustees on the performance of the College's investment portfolios and the appointed fund managers.

Both portfolios continued to deliver strong income performances with £1.06m generated from the unrestricted investment portfolio (2016: £1.3m) and £1.2m from the endowed and restricted portfolio (2016: £1.2m). The unrestricted investment income yield was particularly positive given the £10m divestment from the portfolio. The return net of fees on the unrestricted funds before divestment was 10.3% and the return on restricted and endowed funds was 11%.

## Total Return Accounting

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The College adopted Total Return Accounting for its permanently endowed funds in 2014-15. A base date of 24 June 1992 was approved for determining the permanent capital value of the endowed funds, based upon the market value of the permanent endowments at that date, plus the original value of any subsequent additions. The value of these investments was frozen and classified as frozen permanent capital and the remaining value of the investments was classified as unapplied total return.

The College seeks to preserve the value of its endowments in real terms over the medium to long term. A target spending rate of between 3.5% and 4.5% of the value of the endowments is considered achievable without diminishing the value of the portfolio in real terms and represents the College's best estimate of the long term real rate of return on the endowments. This target range is kept under review to ensure that it remains appropriate.

A total of £1.4m was applied in the year, and together with investment management fees of £175k, the total applied from the endowed funds was £1.6m. This represents an application of 4.9% in 2016-17 which is above the upper limit of the annual target spending rate, however, overall, the cumulative total applied since the adoption of total return accounting remains below the cumulative maximum target level for this same period.

## Risk Management

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The Board of Trustees has overall responsibility for determining the College's risk appetite and tolerance, and for ensuring that the College has appropriate and adequate risk management processes in place to support the delivery of its strategic plans. The Audit & Risk Committee is responsible for advising the Board on the College's statutory financial reporting and for overseeing and reviewing the systems of financial governance and risk management. These systems are designed to manage rather than eliminate risk and provide reasonable assurance that mitigating actions are adequate.

Key areas of risk are identified in line with the College's strategic plans. Risks and the controls in place to manage them are assessed in terms of financial and reputational impact and their status assessed both before and after mitigating actions. Risks are recorded on the College's risk register. The management and monitoring of these risks is assigned to key management personnel and related business areas. Key areas of risk are reviewed by the Audit & Risk Committee and by executive management on a regular basis. The College appointed Grant Thornton in July 2016 to provide internal audit services to the College as part of its objective to ensure risk management and internal control systems remain effective and adequate.

The College has established a robust governance and assurance framework to monitor and mitigate risk and build effective resilience to respond to a changing internal and external environment. The College's key areas of risk and uncertainty are linked fundamentally to the delivery of organisational transformation and improvement, the redevelopment of its estate, and to the development of its new long-term strategy.

The College is alert to the strategic and operational risks that transformation creates and is putting appropriate measures in place to manage the demands of change on the organisation and ensure its objectives of creating an operationally efficient, technologically smart, and financially sustainable organisation are successfully met. The College's plan to re-develop its estate forms a central plank of the transformation programme and brings with it strategic and financial risks that require prudent oversight, robust planning, and effective professional support to ensure that optimum value is delivered for the College, its membership and its external stakeholders.

Organisational transformation is underpinned by the development of a new long-term strategy for the College, which aims to position the College as the leading voice of surgery in the UK and overseas. The strategy will be developed through extensive consultation of its membership and engagement with policy-makers in the health care sector and other stakeholders, to ensure that it is relevant and forward-looking, and provides the basis for an effective and innovative programme of investment of the College's charitable resources.

Throughout this period of development, the College must remain attentive to external risks that may have an adverse impact on the delivery of its objectives, for example, changing priorities of the NHS, or, changing regulatory and data security requirements. The College's communication and engagement strategies and its governance framework ensures that it can respond appropriately.

## Corporate Trustee Responsibilities

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The Royal College of Surgeons of England is a corporate trustee of 2 trusts, the Colledge Family Memorial Fellowship Trust and the EAJ Gray Will Trust. Both these trusts hold investments and assets in their own name and their activities are entirely separate from those of the College. The College agreed in June 2017 to become a corporate trustee of the Blond McIndoe Research Foundation. The College will assume this responsibility from October 2017. The College's restricted funds at 30 June 2017 included £146k in respect of the Foundation.

### Colledge Family Memorial Fellowship Trust

The College is one of 3 trustees of the Colledge Family Memorial Fellowship Trust, which was set up to award travelling fellowships to surgeons. The other trustees of this Fund are Mr T George and Professor A Narula. The College provides a number of services to the Trust, namely, the preparation of annual accounts, the submission of these and the annual return to the Charity Commission, and liaison with the investment fund managers, Cazenove Capital Management, to ensure that the funds are invested in accordance with the wishes of the trustees and invested on the same basis as the College's unrestricted funds. The trust's financial statements are audited by Crowe Clark Whitehill LLP.

The value of The Colledge Family Memorial Fellowship Trust endowed fund at 30 June 2017 is £2.79m (2016: £2.49m) and its restricted fund is £114k (£2016: £85k).

### EAJ Gray Will Trust

The College is the sole trustee of the EAJ Gray Will Trust. This is a non-charitable life interest trust and income arising on the assets is transferred to the life tenant each year. The College is the residuary beneficiary of the trust.

The value of the Trust's fund at 30 June 2017 was £0.17m (2016: £0.13m). There is no requirement for the financial statements of the trust to be audited.

## Other Trustee Responsibilities

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### The Sir Ratanji Dalal Research Scholarship Fund

The President of the Royal College of Surgeons of England is one of two trustees of the Sir Ratanji Dalal Research Scholarship Fund, the other being the President of the Royal College of Physicians. The College provides administrative and accounting services to the Fund and its trustees, preparing the annual accounts and annual return for submission to the Charity Commission.

The value of the Sir Ratanji Dalal Research Scholarship endowed Fund was £0.76m at 30 June 2017 (2016: £0.68m) and its restricted fund was £23k (2016: £18.6k). The financial statements are audited by Crowe Clark Whitehill LLP.



# Statement of Trustees' Responsibilities

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

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

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the group and of their net incoming/outgoing resources for that period. In preparing these financial statements, the trustees are required to:

- » select suitable accounting policies and then apply them consistently;
- » observe the methods and principles in the Charities Statement of Recommended Practice;
- » make judgements and estimates that are reasonable and prudent;
- » state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- » prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity and the group will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Auditor

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as the company's auditor for the coming year.

Signed on behalf of the members of the Board of Trustees on 28 September 2017.



**Professor D Alderson**  
President of Council  
Chair of Board of Trustees



**Mr I Eardley**  
Vice-President of Council  
Member of the Board of Trustees

# Independent Auditor's Report to the Members of the Royal College of Surgeons of England

## Opinion

We have audited the financial statements of the Royal College of Surgeons of England for the year ended 30 June 2017 which comprise the consolidated statement of financial activities, the parent and consolidated balance sheets, the consolidated cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 30 June 2017 and of its income and expenditure, 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.

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Basis for opinion

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

## Conclusions relating to going concern

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

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

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements,

we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities 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 by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Crowe Clark Whitehill LLP*

**Crowe Clark Whitehill LLP**  
**Statutory Auditor, London**

**Date:** 22 November 2017

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# Consolidated Statement of Financial Activities

## for the year ended 30 June 2017

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Totals £'000	2015-16 £'000
<b>Incoming resources</b>						
<i>Voluntary</i>						
Grants, Donations & Gifts		135	5,029	-	5,164	3,850
Legacies		42	81	-	123	474
<i>Charitable Activities</i>						
Courses		4,819	19	-	4,838	4,892
Examinations		5,056	-	-	5,056	4,769
Subscriptions		8,835	-	-	8,835	8,544
Charges and sales		2,680	449	-	3,129	2,594
<i>Other trading activities</i>						
Residential, conference & other		3,838	-	-	3,838	4,771
Investment Income		1,199	77	1,102	2,378	2,627
<b>Total incoming resources</b>		<b>26,604</b>	<b>5,655</b>	<b>1,102</b>	<b>33,361</b>	<b>32,521</b>
<b>Resources Expended</b>						
<i>Cost of Generating Funds</i>						
Fundraising costs		255	26	-	281	343
Residential, conference & other		2,291	232	-	2,523	3,456
Investment management fees		87	101	175	363	363
		2,633	359	175	3,167	4,162
<i>Charitable Expenditure</i>						
Education and courses		5,377	1,084	-	6,461	6,255
Standards, regulation & examinations		8,492	593	-	9,085	8,749
Research grants	6	-	2,830	-	2,830	2,951
Clinical Effectiveness Unit & other projects		-	2,231	-	2,231	2,117
Museums & library		2,822	338	-	3,160	2,473
Communications & publications		2,755	-	-	2,755	2,517
Other professional activities		3,559	135	-	3,694	3,819
		23,005	7,211	-	30,216	28,881
<b>Total Expenditure</b>		<b>25,638</b>	<b>7,570</b>	<b>175</b>	<b>33,383</b>	<b>33,043</b>
<b>Net income/(expenditure) before gains</b>		<b>966</b>	<b>(1,915)</b>	<b>927</b>	<b>(22)</b>	<b>(522)</b>
Net gains/(losses) on investments	10	3,075	70	3,586	6,731	(626)
<b>Net Income/(Expenditure)</b>		<b>4,041</b>	<b>(1,845)</b>	<b>4,513</b>	<b>6,709</b>	<b>(1,148)</b>
Application of Total Return	19	-	1,419	(1,419)	-	-
<b>Net movement in funds for the year</b>		<b>4,041</b>	<b>(426)</b>	<b>3,094</b>	<b>6,709</b>	<b>(1,148)</b>
Balances brought forward at 1 July	16	38,464	7,726	32,325	78,515	79,663
<b>Balances carried forward 30 June 2017</b>	16	<b>42,505</b>	<b>7,300</b>	<b>35,419</b>	<b>85,224</b>	<b>78,515</b>

The notes to the financial statements are on pages 31 to 53.

# Consolidated Balance Sheet

## as at 30 June 2017

	Notes	2017		2016	
		Group £000s	RCS £000s	Group £000s	RCS £000s
<b>Fixed Assets</b>					
Tangible fixed assets	8	17,123	17,123	12,950	12,950
Intangible fixed assets	8	1,396	1,396	1,205	1,205
Investments	10	60,962	60,962	64,406	64,406
		<b>79,481</b>	<b>79,481</b>	<b>78,561</b>	<b>78,561</b>
<b>Current Assets</b>					
Stock		120	120	179	179
Debtors	11	5,309	5,580	4,606	5,008
Cash and short - term deposits	12	15,218	15,218	9,026	9,026
		<b>20,647</b>	<b>20,918</b>	<b>13,811</b>	<b>14,213</b>
<b>Current Liabilities</b>					
Creditors and accruals	13	(8,028)	(8,299)	(6,707)	(7,109)
Deferred income	14	(5,393)	(5,393)	(5,678)	(5,678)
		<b>(13,421)</b>	<b>(13,692)</b>	<b>(12,385)</b>	<b>(12,787)</b>
<b>Net current (liabilities) assets</b>		<b>7,226</b>	<b>7,226</b>	<b>1,426</b>	<b>1,426</b>
<b>Long- term Liabilities</b>					
Other creditors and accrued expenses	13	(115)	(115)	(51)	(51)
Defined benefit pension liability	21	(1,368)	(1,368)	(1,421)	(1,421)
		<b>(1,483)</b>	<b>(1,483)</b>	<b>(1,472)</b>	<b>(1,472)</b>
<b>Net Assets</b>		<b>85,224</b>	<b>85,224</b>	<b>78,515</b>	<b>78,515</b>
<b>Funds</b>					
<b>Unrestricted Funds;</b>					
Fixed asset funds		17,374	17,374	12,314	12,314
Designated funds		5,170	5,170	3,690	3,690
Pension Reserve		1,504	1,504	1,580	1,580
General funds		18,457	18,457	20,880	20,880
<b>Total unrestricted funds</b>	17	<b>42,505</b>	<b>42,505</b>	<b>38,464</b>	<b>38,464</b>
Restricted Funds	18	7,300	7,300	7,726	7,726
Endowed funds	19	35,419	35,419	32,325	32,325
<b>Total Funds</b>		<b>85,224</b>	<b>85,224</b>	<b>78,515</b>	<b>78,515</b>


The notes on pages 31 to 53 form part of these financial statements.

The balance sheet of the parent charity is identical to the consolidated balance sheet presented above except that debtor and creditor amounts falling due within one year, and current assets and current liabilities totals are higher by £271k (2016: £402k), which represents the amount of surplus gifted from the trading subsidiary.

Approved on behalf of the members of the Board of Trustees and authorised for issue on 28 September 2017.



**Professor D Alderson**  
President of Council  
Chair of Board of Trustees



**Mr I Eardley**  
Vice-President of Council  
Member of the Board of Trustees

# Consolidated Cash Flow Statement

## for the year ended 30 June 2017

	NOTES	Total Funds	
		2017	2016
		£000	£000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>	A	(121)	(477)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		2,378	2,627
Purchase of property, plant and equipment		(6,240)	(5,152)
Proceeds from sale of investments		25,144	14,245
Purchase of investments		(14,969)	(11,015)
<b>Net cash provided by / (used in) investing activities</b>		<b>6,313</b>	<b>705</b>
Change in cash and cash equivalents in the reporting period		6,192	228
Cash and cash equivalents at the beginning of the reporting period	B	9,026	8,798
Change in cash and cash equivalents due to exchange rate movements		-	-
<b>Cash and cash equivalents at the end of the reporting period</b>	B	<b>15,218</b>	<b>9,026</b>

### Notes to consolidated statement of cash flow for the year ended 30 June 2017

#### A. Reconciliation of cash flows from operating activities

<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>6,709</b>	<b>(1,148)</b>
<b>Adjustments for:</b>		
Depreciation charges	1,847	1,723
(Gains)/losses on investments	(6,731)	626
Dividends, interest and rents from investments	(2,378)	(2,627)
Loss/(profit) on sale of fixed assets	29	-
(Increase)/decrease in stocks	59	(6)
(Increase)/decrease in debtors	(703)	67
Increase/(decrease) in creditors	1,047	888
<b>Net cash provided by / (used in) operating activities</b>	<b>(121)</b>	<b>(477)</b>

#### B. Analysis of cash and cash equivalents

Cash in hand	-	7
Current and short term deposits	15,218	9,019
<b>Total cash and cash equivalents</b>	<b>15,218</b>	<b>9,026</b>

# Notes to the Financial Statements

## for the year ended 30 June 2017

### 1. Charity Information

The Royal College of Surgeons was established by Royal Charter in 1800 and is a registered charity in England and Wales (charity number: 212808).

### 2. Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed investments, and in accordance with the Statement of Recommended Practice (SORP): "Accounting and Reporting by Charities (2015) preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)", effective from 1 January 2015, and the Charities Act 2011. The RCS constitutes a public benefit entity as defined by FRS102.

The financial statements consolidate on a line by line basis the financial statements of the Royal College of Surgeons of England and of its subsidiary undertaking, Hunter Trading Ltd, for the financial year ended 30 June 2017. Inter-group transactions are eliminated on consolidation.

The financial statements have been prepared on a going concern basis as the trustees consider that the College has sufficient resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that call into doubt the ability of the College to continue as a going concern.

### 3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Preparation of the financial statements requires management to make judgements and estimations in the process of applying the College's accounting policies that may have a significant effect on the carrying amounts of assets and liabilities in the accounts. The nature of estimation and judgement means that actual outcomes may differ from expectation and may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The treatment of pensions is considered the key area of critical accounting judgment and estimation uncertainty in respect of the financial statements to 30 June 2017. These judgments and estimations are disclosed in more detail under accounting policy 4.10 and under the Pensions Note 21.

### 4. Principle Accounting Policies

#### 4.1 Income

Income is recognised when the entitlement is established, there is probability of receipt and the amount can be reliably measured. Income received relating to future accounting periods is deferred and shown as a creditor on the balance sheet.

- i. Course and examination fees are recognised in the financial statements in the period in which the relevant course and examination takes place.
- ii. Membership subscription fees are included on an accruals basis.
- iii. Grant income (revenue and capital) is included on a receivables basis.
- iv. General and specific donations are credited in full in the year of receipt.
- v. Legacy income is recognised when notified, providing the amount is measurable and receipt is probable.
- vi. Investment income is credited on a receivables basis.
- vii. Other income is accounted for on an accruals basis and recognised in the financial statements to the extent that the contract or service is completed.

## 4.2 Expenditure

All expenditure is accounted for on an accruals basis, and, with the exception of support costs, is attributed directly to each activity undertaken.

- i. Employee costs include the net movement in year on the provision for annual leave accrued by employees in respect of services rendered as required by FRS102.
- ii. Support costs are allocated to activities on a basis consistent with the use of these resources: Building services costs are charged to departments and faculties based upon area occupied, Portering and Cleaning services, Finance, IT and Human Resources costs are allocated based on the number of full-time equivalent staff.
- iii. Governance costs comprise those costs incurred in relation to the overall strategic management of the College and the costs of compliance with statutory requirements and under FRS102 are disclosed as part of support costs and allocated to other professional activities.
- iv. Overheads in relation to grant-funded projects are charged, where appropriate, on the basis of their activity.
- v. Grants payable are charged in full in the period in which the recipients are notified of their award.
- vi. Fundraising costs comprise the costs incurred in encouraging others to make voluntary contributions to the College and its activities.

## 4.3 Taxation

The College is a registered corporate charity and as such is exempt from taxation on its income and gains to the extent that they are applied for its charitable purposes.

The College's wholly owned subsidiary, Hunter Trading Ltd., is liable to corporation tax, but all profits earned on its trading operations are gifted each year to the College.

The College is partially exempt for the purposes of VAT and is only able to reclaim a percentage element of VAT charged on goods and services purchased.

## 4.4 Tangible Fixed Assets

### i) Tangible Fixed Assets

Freehold land and buildings are stated in the Balance Sheet at historic cost and are not depreciated. The College has a policy of maintaining them in such a condition that their value, taken as a whole, is not impaired by the passage of time, any provision for depreciation would not be material, and the buildings are worth at least their book value. Capital projects which are not completed at the year-end are shown as "Work in progress" and are not depreciated. All other fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Fixed assets are reviewed for impairment on an annual basis.

- i. Refurbishments and plant are capitalised and depreciated over 10 years.
- ii. Expenditure on equipment, furniture and fixtures and fittings less than £1,000 is written off to the income and expenditure account in full in the year of acquisition.
- iii. Expenditure on equipment, furniture and fixtures and fittings greater than £1,000 is capitalised and depreciated from the date of acquisition of the asset over an expected useful life of 4 years.

### ii) Intangible Fixed Assets

Intangible fixed assets are measured at cost less accumulated amortisation and any impairment losses. Software development costs are recognised as an intangible fixed asset where these create an identifiable software asset from which future economic benefit will be derived. Any enhancements to existing software assets that result in additional functionality and therefore enhance the value of the asset to the business are also capitalised. Amortisation is charged so as to allocate the cost of the assets over their estimated useful lives using the straight-line method. The amortisation rate used is 25% per annum.

## 4.5 Fixed Asset Investments

Fixed asset investments are stated at market value at the balance sheet date. These investments include cash held by the investment managers intended for investment or held as part of the portfolio. The statement of financial activities includes the net unrealised gains and losses arising on revaluation and the realised gains and losses arising from disposals in the year.



Endowments are accounted for under the Total Return approach using a base date of 24 June 1992 to determine the permanent capital of each endowment.

#### 4.6 Heritage Assets

Heritage assets are books, manuscripts, specimens, objects or other assets that have historic, scientific, artistic, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture. The College's heritage assets comprise mainly the numerous specimens and artefacts collected by John Hunter in the 1700s and presented to the College in 1799. These are held in the Hunterian Museum. The College is by law the proprietor of these specimens and the Hunterian trustees have a duty to ensure that the College maintains the specimens and does not dispose of them. The College also owns historic books related to surgery and medicine which were bequests in the 19th Century and are preserved and maintained in the library and are not to be disposed of.

No value has been attributed to the College's heritage assets in the Balance Sheet on the grounds that the trustees consider there is no reliable method of establishing historic cost information for these artefacts and that the costs of valuation would be disproportionate to the benefit of the resultant information.

No heritage assets have been purchased or disposed of by the College in the last five years. The College received some donated heritage assets in this accounting period but none are deemed to have an individual value greater than £1,000.

#### 4.7 Stock

Stock comprises goods produced for re-sale, including course manuals purchased or printed, and is stated at the lower of cost and net realisable value.

#### 4.8 Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand, and cash held on readily realisable short-term deposit with Cazenove Capital Management.

#### 4.9 Financial Instruments

A financial instrument is broadly defined as a contract that gives rise to a financial asset in one entity and a financial liability in another entity. These financial assets and liabilities are recognised when the College becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. The College has financial instruments that fall into the category of basic financial instruments as defined under Section 11 of FRS102. FRS102 requires disclosure of the measurement bases of these instruments.

The College's financial assets measured at amortised cost include cash, trade debtors, other debtors and accrued income. Financial assets measured at fair value include investments. The College's financial liabilities measured at amortised cost include trade creditors, other creditors, and accruals.

#### 4.10 Post Employment Benefits

The College contributes to four pension schemes on behalf of its employees: the Universities Superannuation Scheme (USS), a multi-employer externally funded hybrid scheme providing defined benefits and defined contribution benefits, the Superannuation Arrangements of the University of London (SAUL), a multi-employer externally funded defined benefit scheme, the NHS Pension Scheme, a statutory unfunded multi-employer defined benefit public sector scheme, and Standard Life, a defined contribution scheme set up for employees in 2014. The USS scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits, with effect from 1 October 2016.

The trustees are satisfied that the schemes provided by USS and SAUL meet the definition of a multi-employer scheme whereby the participating entities are not under common control and the schemes represent industry-wide schemes. Where the employer has entered into an agreement with a multi-employer scheme that determines how the employer will fund a scheme's deficit, FRS 102 requires that the employer recognises the liability for the contributions payable that arise from the agreement and the resulting expense in the income and expenditure account.

The assets of the USS and SAUL multi-employer schemes are held in separate trustee-administered funds. Given the mutual nature of these schemes, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other entities' employees and is unable to identify the College's share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. The College is therefore required under Section 28 of FRS102 "Employee benefits", to account for these schemes as if they were defined contribution schemes. The amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

Formal valuations of USS and SAUL are undertaken every three years by professional qualified and independent actuaries using the Projected Unit method in which the actuarial liability for benefits makes allowance for projected increases in earnings. The Pensions Act 2004 introduced a new scheme-specific funding regime, requiring schemes to adopt a statutory funding objective and ensure that the schemes' assets are sufficient and appropriate to cover their technical provisions.

The last audited triennial actuarial valuations were at 31 March 2014 and both USS and SAUL schemes reported funding shortfalls at this date and participating employers entered into a funding agreement to make additional contributions in order to recover the deficits. In accordance with Section 28 of FRS102 the College recognises the discounted fair value of the contributions payable under the deficit recovery agreements in existence at the date of approving the financial statements and the resulting expense in the income and expenditure account. The valuations as at 31 March 2017 are now underway and scheduled for completion by 30 June 2018.

The College accounts for the NHS scheme as a defined contribution scheme and the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. The College contributes also to a defined contribution scheme with Standard Life and the pension costs charged to the income and expenditure account represent the contributions payable for the accounting period.

#### *4.11 Other Provisions for Liabilities*

Provisions are recognised when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that the College will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle this obligation at the end of the reporting period. As required by FRS102, the College has recognised a provision for annual leave accrued by employees as a result of services rendered in the reporting period, and which employees are entitled to carry forward and use within the next 12 months. This provision is measured at the relevant salary cost. The College's annual leave period runs from 1 January to 31 December.

#### *4.12 Operating Leases*

Rentals payable under operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

#### *4.13 Funds*

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general charitable objectives of the College.

Designated funds are unrestricted funds that have been designated by the trustees to be applied for specific purposes in the future.

Fixed assets funds represent the net book value of the College's unrestricted tangible fixed assets which the trustees consider are essential to the implementation of the College's operational strategy and that their disposal could adversely impact on the College's ability to deliver its aims.

Restricted funds represent donations, legacies, or other grants, given to the College for specific purposes to be expended in accordance with the terms of the donation, legacy or grant. Endowed funds represent donations or legacies given to the College, the terms of which stipulate that the original capital cannot be spent. The funds are invested to generate an income and capital growth which can then be expended in accordance with the purposes stated by the donor.

## 5. Expenditure

	Direct costs	Grants made	Allocated support costs	Total 2017	Total 2016
	£000	£000	£000	£000	£000
<b>Raising Funds</b>					
Fundraising costs	226	-	55	281	343
Residential, conference & other trading costs	1,736	-	787	2,523	3,456
Investment management fees	363	-	-	363	363
	<b>2,325</b>	<b>-</b>	<b>842</b>	<b>3,167</b>	<b>4,162</b>
<b>Charitable Expenditure</b>					
Education and Courses	5,556	-	905	6,461	6,255
Standards, regulation and examinations	7,717	-	1,368	9,085	8,749
Research grants	528	2,189	113	2,830	2,951
Clinical Effectiveness Unit and other projects	2,005	-	226	2,231	2,117
Museums and library	2,261	-	899	3,160	2,473
Communications & publications	2,379	-	376	2,755	2,517
Other professional activities	2,466	-	1,228	3,694	3,819
	<b>22,912</b>	<b>2,189</b>	<b>5,115</b>	<b>30,216</b>	<b>28,881</b>
<b>TOTAL EXPENDITURE</b>	<b>25,237</b>	<b>2,189</b>	<b>5,957</b>	<b>33,383</b>	<b>33,043</b>

### Allocated support costs

Support costs total £5.96m for 2016-2017 (2015-2016: £5.99m) and comprise Building services, Internal services including portering and cleaning, Finance and IT services, Human Resources and Governance costs. These costs are allocated to activities on a basis consistent with the use of these resources. The allocation method and cost of each support service is summarised below:

Support Services	Allocation Basis	2017 £'000	2016 £'000
Building Services	Space occupied	1,590	1,661
Internal services, incl. portering & cleaning	Full-time equivalent staff	1,128	1,015
Human Resources	Full-time equivalent staff	421	433
Finance Services	Full-time equivalent staff	862	856
IT Services	Full-time equivalent staff	1,543	1,584
Governance costs	Other professional activities	413	440
		<b>5,957</b>	<b>5,989</b>

Governance costs include the following fees payable to the auditors in respect of audit and non-audit services:

	2017 £000	2016 £000
Audit fees – parent charity	41	43
Audit fees – Hunter Trading Ltd	4	4
Other services	57	11
	<b>102</b>	<b>58</b>

## 6. Research Grants

### Research fellowships

	2017	2016
	£000s	£000s
Liabilities at the start of the year	(1,931)	(2,056)
Paid in the year	2,059	2,303
Liabilities at the end of the year	2,011	1,931
<b>Charge for the year</b>	<b>2,139</b>	<b>2,178</b>

### Research grant expenditure

	2017	2016
	£'000	£'000
Research Fellowships	2,139	2,178
Travelling fellowships & other projects	50	21
Surgical Trial Units	278	290
Administration	363	462
<b>Total expenditure in the year</b>	<b>2,830</b>	<b>2,951</b>

The total number of research awards in 2017 was 84 (2016: 74) and 24 travel awards were made (2016: 22). Of this, there were 40 one-year research fellowships, 1 two-year fellowship and 11 dental fellowships. During the year, grants of £239k (£595k in 2016) were awarded for individuals at institutions with which members of Council are connected. These members of Council did not participate in the decisions to award the respective grants.

Surgical research fellowships awarded by the College are only eligible to surgical trainees who are Members of the College (MRCS) and who have entered their period of specialty training (specialist registrars). The overriding objective of the surgical research projects is to improve care of surgical patients and the projects are based upon the principles of translational research i.e. research examining a specific clinical problem. Details of the research fellowships awarded and other research projects undertaken are available in the annual research report published by the College's Research Directorate.

## 7. Employee Information

### Staff costs

	2017	2016
	£000	£000
Salaries and wages	11,111	10,673
Social security costs	1,184	1,000
Pension costs	1,473	1,460
<b>Total</b>	<b>13,768</b>	<b>13,133</b>

Salaries and wages include redundancy and termination payments totalling £544k (2016: £13k) arising from restructuring activities during the year.

The number of staff employed by the College at 30 June was as follows:

	2017	2016
	No.	No.
Finance and IT Services	30	34
Centre for Evidence in Transplantation	2	4
Clinical Effectiveness Unit	14	18
Communications	45	22
Development	2	4
Education	30	34
Dental & Surgical Examinations	18	21
Executive Office	5	3
Faculty of Dental Surgery	14	15
Faculty of General Dental Practice (UK)	22	25
Joint Committee on Surgical Training	19	21
Internal Services	50	67
International Affairs	3	3
Professional and Clinical Standards	18	41
Research	7	5
Project 2020	15	3
<b>Total</b>	<b>294</b>	<b>320</b>

At 30 June the number of employees whose emoluments exceeded £60k was:

	2017	2016
£60,000 – £70,000	5	6
£70,001 – £80,000	6	9
£80,001 – £90,000	4	2
£90,001 – £100,000	2	2
£100,001 – £110,000	2	-
£110,001 – £120,000	-	-
£120,001 – £130,000	-	-
£130,001 – £140,000	1	1
£140,001 – £150,000	-	-
£150,001 – £160,000	1	1

The average number of staff employed during the year was 306 (2016: 310).

The key management personnel of the College are set out on page 8 of the Trustees Report. The total employee benefits received by the College's key management personnel in the year amounted to £1.446m (2016 restated: £1.265m). This amount now includes national insurance contributions. No trustees received any remuneration for services as members of the Board of Trustees in the current and preceding years.

## 8. Fixed Assets

Fixed assets have been re-stated in accordance with FRS 102 to show tangible and intangible assets separately.

Tangible Fixed Assets	Freehold properties	Furniture, fittings and vehicles	Refurbishment and plant	Computer equipment	Work in progress	2017 Total
	£000	£000	£000	£000	£000	£000
<b>Cost:</b>						
at 1 July 2016	3,352	1,447	23,490	836	3,988	33,113
Additions during the year	-	-	116	61	5,613	5,790
Disposals during the year	-	(639)	(31)	-	-	(670)
Transfers	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>3,352</b>	<b>808</b>	<b>23,575</b>	<b>897</b>	<b>9,601</b>	<b>38,233</b>
<b>DEPRECIATION</b>						
At 1 July 2016	-	(1,292)	(18,533)	(338)	-	(20,163)
Charge for the year	-	(119)	(1,317)	(159)	-	(1,595)
Disposals during the year	-	633	15	-	-	648
<b>At 30 June 2017</b>	<b>-</b>	<b>(778)</b>	<b>(19,835)</b>	<b>(497)</b>	<b>-</b>	<b>(21,110)</b>
Net Book Value 2016	3,352	155	4,957	498	3,988	12,950
<b>Net Book Value 2017</b>	<b>3,352</b>	<b>30</b>	<b>3,740</b>	<b>400</b>	<b>9,601</b>	<b>17,123</b>

Work in Progress represents £9.6m of expenditure incurred in respect of the planned re-development of the London Headquarters.

<b>Intangible Fixed Assets</b>	<b>Computer software</b>	<b>Work in progress</b>	<b>2017 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost:</b>			
At 1 July 2016	1,670	1,071	2,741
Additions during the year	7	443	450
Disposals during the year	(284)	-	(284)
Transfers	1,111	(1,111)	-
<b>At 30 June 2017</b>	<b>2,504</b>	<b>403</b>	<b>2,907</b>
<b>Depreciation:</b>			
At 1 July 2016	(1,536)	-	(1,536)
Charge for the year	(252)	-	(252)
Disposals during the year	277	-	277
<b>At 30 June 2017</b>	<b>(1,511)</b>	<b>-</b>	<b>(1,511)</b>
<b>Net Book Value:</b>			
At 30 June 2016	134	1,071	1,205
<b>At 30 June 2017</b>	<b>993</b>	<b>403</b>	<b>1,396</b>

Work in Progress represents expenditure in respect of the digital and IT transformation agendas.

## 9. Heritage Assets

The College's heritage assets comprise mainly the historical artefacts in the Hunterian Museum and historical books in the College Library. Heritage assets can be acquired by gift, bequest, exchange or purchase on the open market. They are available to the members and staff of RCS, the wider academic community and the public.

All preservation and conservation costs are charged to the Statement of Financial Activities as incurred. No heritage assets were capitalised during the year as none exceeded the capitalisation threshold of £1,000.

The Hunterian Museum is a world-class surgical heritage resource which helps to tell the story of surgeons and surgery over the last three centuries. The museum is open to the public however the specialist collections in store are accessed only by researchers on request. The main collection is the Hunterian Collection which comprises of approximately 3,700 anatomical specimens and artefacts. These were collected by John Hunter in the 1700s and presented to the College in 1799.

The College Museum Collection holds approximately 3,500 objects associated with surgical and dental research and training since 1,800 including anatomy and pathology specimens which are over 100 years old.

The Historical Surgical Instruments Collection comprises of approximately 9,000 surgical instruments.

The Special Collections include fine and decorative art including portraits and furniture with over 5,300 objects in this collection. The collection is held in the museum, seven collections stores and throughout the college. There are also approximately 80 objects from the collection on loan.

The library collections became a designated collection under the Designation Scheme of the Arts Council England in 2013. They comprise an estimated 115,000 books and pamphlets dating from the fifteenth century as well as an important collection of rare journals dating from the 17th century onwards.

The twentieth century collections focus on surgery, dentistry, anatomy, physiology and pathology, while the subjects in the earlier collections reflect the evolution of medicine and surgery. Natural history and other scientific subjects are represented in the library collections, reflecting the work of nineteenth century College museum curators responsible for the Hunterian Museum. Further information on all of these collections is available on the College website [rcseng.ac.uk](http://rcseng.ac.uk).

## 10. Investments

	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Quoted securities at market value	56,273	60,927
Deposits with Investment Managers	1,927	717
Investment properties at market value	2,762	2,762
<b>Market value at 30 June</b>	<b>60,962</b>	<b>64,406</b>
<b>Movements in the year:</b>		
Market value at 1 July	64,406	68,262
Additions	14,969	11,015
Disposals	(25,144)	(14,245)
Net gain/(loss) during the year	6,731	(626)
<b>Market value at 30 June</b>	<b>60,962</b>	<b>64,406</b>
<b>Cost at 30 June</b>	<b>51,558</b>	<b>59,948</b>

At 30 June 2017, the total market value investments held with the College's investment managers was £58.2m (2016: £61.6m), comprising UK investments of £41m (2016: £45.3m) and overseas investments of £17.2m (2016: £16.3m). Between the balance sheet date of 30 June 2017 and 14 September 2017, the market value of these investments has risen 0.9% or £0.5m to £58.7m.

As part of the overall management of funds, the investment managers of the restricted and endowed investment portfolio have entered into commitments to purchase various currencies under forward rate contracts at 30 June 2017. Maturity dates were 21 September 2017. These forward contracts are included within total investments at a market value of £66,317 at 30 June 2017 (2016: (£373k))

The College's investment properties at 50 Lincoln's Inn Fields are valued at £2.762m. A full valuation was carried out as at 30 June 2015 by Chestertons.

	2017		2016	
	Group	RCS	Group	RCS
	£000	£000	£000	£000
Trade debtors	1,968	1,968	1,980	1,980
Prepayments	712	712	441	441
Other debtors including taxation	2,629	2,900	2,185	2,185
	<b>5,309</b>	<b>5,580</b>	<b>4,606</b>	<b>4,606</b>

## 12. Cash and Short-term Deposits

Cash in hand	-	-	7	7
Current and instant access accounts	15,218	15,218	9,019	9,019
	<b>15,218</b>	<b>15,218</b>	<b>9,026</b>	<b>9,026</b>

## 13. Creditors and Accrued Expenses

### Amounts falling due within one year:

Trade creditors	1,096	1,096	771	771
Taxation	272	272	302	302
Other creditors and accruals	6,524	6,795	5,475	5,475
Pension liability	136	136	159	159
	<b>8,028</b>	<b>8,299</b>	<b>6,707</b>	<b>6,707</b>

### Amounts falling due after more than one year:

Other creditors and accruals	115	115	51	51
Pension liability	1,368	1,368	1,421	1,421
	<b>1,483</b>	<b>1,483</b>	<b>1,472</b>	<b>1,472</b>

## 14. Income Received in Advance

Brought forward at 1 July	5,678	5,678	5,563	5,563
Received during the year	33,076	33,076	32,636	32,636
Taken as income during the year	(33,361)	(33,361)	(32,521)	(32,521)
<b>Carried forward at 30 June</b>	<b>5,393</b>	<b>5,393</b>	<b>5,678</b>	<b>5,678</b>

Income received in advance comprises membership subscriptions, education course fees and examination fees.

## 15. Financial Instruments

	2017	2016
	£000	£000
Financial assets measured at amortised cost	19,690	13,111
Financial assets measured at fair value	60,962	56,273
Financial liabilities measured at amortised cost	(7,729)	(6,295)



## 16. Analysis of Net Assets between Funds at 30 June 2017

	Unrestricted Funds	Restricted Funds	Endowed Funds	Total 2017
	£000	£000	£000	£000
Tangible Fixed Assets	15,978	1,145	-	17,123
Intangible Fixed Assets	1,396	-	-	1,396
Investments	24,820	1,216	34,926	60,962
Current Assets	14,790	5,225	632	20,647
Current Liabilities	(12,996)	(286)	(139)	(13,421)
Liabilities after 1 Year	(1,483)	-	-	(1,483)
<b>Total Funds</b>	<b>42,505</b>	<b>7,300</b>	<b>35,419</b>	<b>85,224</b>

### Analysis of Net Assets between Funds at 30 June 2016 for comparison

	Unrestricted Funds	Restricted Funds	Endowed Funds	Total 2016
	£000	£000	£000	£000
Tangible Fixed Assets	11,109	1,841	-	12,950
Intangible Fixed Assets	1,205	-	-	1,205
Investments	31,839	608	31,959	64,406
Current Assets	8,074	5,327	410	13,811
Current Liabilities	(12,291)	(50)	(44)	(12,385)
Liabilities after 1 Year	(1,472)	-	-	(1,472)
<b>Total Funds</b>	<b>38,464</b>	<b>7,726</b>	<b>32,325</b>	<b>78,515</b>

## 17. Unrestricted Funds

	2017	2016
	£000	£000
Fixed assets fund	17,374	12,314
Designated funds	5,170	3,690
Pension reserve	1,504	1,580
General funds	18,457	20,880
<b>Total unrestricted funds</b>	<b>42,505</b>	<b>38,464</b>

The trustees designated £7m of unrestricted funds prior to 2016 to support the planned redevelopment of the College's headquarters. A further £6.6m was earmarked during 2016 to fund further design and planning costs and to fund the refurbishment of the Nuffield property for College office accommodation. A total of £9.6m has been utilised to date, of which £5.6m was utilised in this reporting period, leaving £4m at 30 June 2017. These funds will be fully utilised in the next reporting period. The trustees designated £1.4m in 2015 to support the digital transformation agenda of which £0.8m has been utilised to date and £0.9m has been designated during the year to support the IT transformation capital programme of which £0.29m has been utilised to date.

The associated costs have been capitalised and disclosed as "work in progress" under tangible fixed assets. The designated fund has been reduced to reflect the expenditure to date and the costs are matched by the fixed assets fund.

The College's reserves include a pension reserve of £1.504m to fund the FRS102 pension deficit liability.

## 18. Restricted Funds

	2016 £000	Increase £000	Decrease £000	2017 £000
Trust funds	2,610	678	(882)	2,406
Grants and donations	5,116	5,047	(5,269)	4,894
<b>Total restricted funds</b>	<b>7,726</b>	<b>5,725</b>	<b>(6,151)</b>	<b>7,300</b>

The College has 27 trust funds and their position is set out below by fund:

### Research Trust Funds:

Surgical Research Fund	296	86	(14)	368
Modi Fund	377	22	(59)	340
Mr Sorab J Lam Legacy	354	21	(35)	340
Ethicon Travelling Fellowship	171	25	(13)	183
Blond McIndoe (Joint Fund with Education)	186	-	(40)	146
RCSE Fellows Fellowship Fund	108	128	(92)	144
Miss Carol Rummey Legacy	145	-	(12)	133
H Speight Discretionary Trust	145	-	(53)	92
Dunhill Medical Trust	114	275	(309)	80
Fletcher Legacy	74	-	-	74
Preiskel Fund	43	17	(3)	57
Sir R E Kelly Fellowship Fund Legacy	-	50	-	50
The Arthritis Research Trust	6	35	(1)	40
Cutner Legacy	34	-	(2)	32
Rex & Jean Lawrie O/S Fund	31	-	(10)	21
DBP Surgical Trust Fund	97	-	(87)	10
Curry Legacy Damage/Pain	10	-	-	10
Far East HK Masonic Association	8	-	(8)	-
Clarke Legacy	3	1	-	4
Shrimpton Fund	20	-	(17)	3
BLACK Legacy	18	-	(16)	2
Ethicon Research Fund	1	-	-	1
Denker Legacy	3	-	(2)	1
Guyatt Legacy	4	-	(4)	-

### Education & Training Trust Funds:

E&T Haddock Legacy	229	-	(104)	125
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### Faculty of Dental Surgery Funds:

J W Mclean Fund	130	18	(1)	147
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### Faculty of General Dental Practice (UK) Funds:

Research Fund (FGDP(UK))	3	-	-	3
<b>Total Trust Funds</b>	<b>2,610</b>	<b>678</b>	<b>(882)</b>	<b>2,406</b>

	2016 £000	Increase £000	Decrease £000	2017 £000
<b>Grants and donations are summarised as follows:</b>				
<b>Grants and Donations:</b>				
Education Centre Refurbishment	1,837	-	(696)	1,141
2020 Fundraising	-	1,062	(26)	1,036
PCCT Transplant Fellowships	390	-	(98)	292
Surgical Trials Units	192	246	(245)	193
National Prostate Cancer Audit	212	370	(413)	169
FDS-NAC	165	17	(30)	152
eLearning for Healthcare	150	6	(19)	137
Other balances < £100,000	2,170	3,346	(3,742)	1,774
<b>Total Grants &amp; Donations</b>	<b>5,116</b>	<b>5,047</b>	<b>(5,269)</b>	<b>4,894</b>
<b>TOTAL RESTRICTED FUNDS</b>	<b>7,726</b>	<b>5,725</b>	<b>(6,151)</b>	<b>7,300</b>

## 19. Endowed Funds

	Unapplied Total Return £000	Permanent Capital £000	Total Endowment £000
<b>Endowed Funds at 1 July 2016</b>	<b>17,374</b>	<b>14,951</b>	<b>32,325</b>
Investment Income	1,102	-	1,102
Investment Gains	3,586	-	3,586
<b>Total Income and Gains</b>	<b>4,688</b>	<b>-</b>	<b>4,688</b>
Application of total return	(1,419)	-	(1,419)
Investment Management Fees	(175)	-	(175)
<b>Total application and fees</b>	<b>(1,594)</b>	<b>-</b>	<b>(1,594)</b>
<b>Net movement in year</b>	<b>3,094</b>	<b>-</b>	<b>3,094</b>
<b>TOTAL ENDOWED FUNDS</b>	<b>20,468</b>	<b>14,951</b>	<b>35,419</b>

The College has 22 endowed funds and the 2016–17 position is set out below by fund:

ENDOWED FUND NAME	Unapplied Total Return 2016 £000	Income and Gains £000	Applied Total Return 2017 £000	Investment Fees £000	Unapplied Total Return 2017 £000	Permanent Capital £000	2017 Total £000
RCSE Research Fund	4,263	1,168	(389)	(44)	4,998	3,784	8,782
RCSE Education Fund	3,576	847	(242)	(31)	4,150	2,262	6,412
RCSE Cancer Research Fund	2,266	584	(90)	(22)	2,738	1,756	4,494
Presidents Finch Fund	300	349	(15)	(13)	621	2,108	2,729
Dental Science Research Fund	1,363	346	(355)	(13)	1,341	1,016	2,357
Rank Chair Physics in Surgery	1,147	305	(109)	(11)	1,332	955	2,287
RCSE Library Fund	987	265	(83)	(10)	1,159	833	1,992
M-W Johnson for Hunterian	715	165	(66)	(6)	808	425	1,233
RCSE Biochemical Research Fund	500	127	(9)	(5)	613	374	987
HS Morton Travelling Fellowship	303	73	(7)	(2)	367	200	567
Moser Trust (FDS)	299	69	(1)	(3)	364	173	537
Groves Bequest for Museum	311	69	(21)	(3)	356	161	517
George Qvist for Hunterian	250	66	(21)	(2)	293	209	502
John Kinross Fund	242	49	-	(2)	289	104	393
RCSE Prize Fund	225	41	(1)	(1)	264	61	325
Sims Commonwealth Travelling Fellowship	130	34	(1)	(1)	162	106	268
Witt Fund	42	32	(1)	(1)	72	182	254
Commemoration Fund (FDS)	112	25	-	(1)	136	66	202
RCSE Scholarship Fund	109	23	-	(1)	131	51	182
Darlow Fellowship Fund	66	19	(4)	(1)	80	67	147
Rishworth Fund for Annals	79	18	-	(1)	96	50	146
RCSE Museum Fund	89	14	(4)	(1)	98	8	106
<b>TOTAL ENDOWED FUNDS</b>	<b>17,374</b>	<b>4,688</b>	<b>(1,419)</b>	<b>(175)</b>	<b>20,468</b>	<b>14,951</b>	<b>35,419</b>

8 of the 22 funds have closing balances greater than £1m, amounting to £30.3m of the £35.42m of funds at 30 June 2017. A brief description of the purposes of each fund is provided below:

- 1. RCSE Research Fund:** to promote, carry on and fund study and research into surgery and related subjects and to publish useful results of such study and research.
- 2. RCSE Education Fund:** to educate surgeons, medical practitioners and the general public in the art, science and practice of surgery and related subjects and to further instruction and training in surgery.
- 3. RCSE Cancer Research Fund:** to promote, carry on and fund study and research into cancer and its preventative treatment and care and to publish useful results of such study and research.
- 4. Dental Science Research Fund:** for the promotion of research into improving dental treatment and dental health.
- 5. Presidents Finch Fund:** income to be applied for charitable purposes which will be of service for the welfare and advancement of the Science and Art of Surgery.
- 6. Rank Chair Physics in Surgery:** supports research work.
- 7. RCSE Library Fund:** to promote, carry on, maintain and fund the establishment of libraries of the RCS for the furtherance of study and research into surgery and related objects.
- 8. M-W Johnson for Hunterian:** supports museum projects.

The remaining 14 funds with balances of less than £1 million, and amounting to £5.13m, are summarised under the following categories:

**Research funds**

RCSE Biochemical Research Fund  
Darlow Fellowship Fund

**Scholarship and Prize Funds**

RCSE Prize Fund  
RCSE Scholarship Fund  
Witt Fund

**Travelling Fellowship Funds**

HS Morton Travelling Fellowship  
Sims Commonwealth Travel F/S

**Faculty of Dental Surgery Funds**

Commemoration Fund (FDS)  
Moser Trust (FDS)

**Museum funds**

RCSE Museum Fund  
Groves Bequest for Museum  
George Qvist for Hunterian

**Other Funds**

Rishworth Fund for Annals  
John Kinross Fund

## 20. Hunter Trading Ltd

The College holds the entire issued £1 share capital of Hunter Trading Limited equal to the closing net assets of the company. The results and financial position of the company for the year are summarised as follows:

	2017	2016
	£000	£000
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Income	2,612	3,450
Expenditure	2,341	3,048
<b>Profit before tax</b>	<b>271</b>	<b>402</b>
Profits gifted to RCS	(271)	(402)
<b>Result for the Year</b>	<b>-</b>	<b>-</b>
<b>BALANCE SHEET</b>		
Debtors	271	402
Creditors: amounts falling due within one year	(271)	(402)
<b>Net Assets</b>	<b>-</b>	<b>-</b>

The Net Assets at 30 June 2017 are £1 (2016: £1) represented by £1 of called up share capital. Inter-company activity in 2016-17 comprised the settlement of the profits of 2015-16 of £402k gifted to the College and the relevant debtor and creditor amounts in respect of the profits to be gifted for 2016-17 of £271k.

## 21. Pension Liabilities and Charges

The College participates in two multi-employer defined benefit pension schemes, USS, and SAUL, that reported funding shortfalls at their last full triennial valuations at 31 March 2014. In accordance with Section 28 of the new reporting standard, FRS102, the College is required to recognise its share of the liability for the contributions payable under each of the deficit recovery agreements. The liabilities and charges are allocated fully to unrestricted funds on the basis that the conditions pertaining to the use of the College's restricted funds preclude charges of this nature.

Defined Benefit Pension Liability	2017	2016
	£000	£000
USS	1,446	1,468
SAUL	58	112
<b>Total Liability</b>	<b>1,504</b>	<b>1,580</b>
Liability less than 1 year	136	159
Liability more than 1 year	1,368	1,421

### *Universities Superannuation Scheme (USS)*

The College's calculated share of the USS defined benefit pension liability amounts to £1.45m (2016: £1.47m) and the total cost charged to the Statement of Financial Activities in respect of USS amounts to £1,045k (2016: £899k). Of the College's 294 employees at 30 June 2017 (2016: 320), 124 were members of USS (2016: 139).

The liability has been re-calculated using the USS model provided with reference to the remaining deficit recovery period of 14 years from 2017 to 2031.

The following assumptions were used to calculate the College's share of the USS liability:

	2017	2016
Discount Rate	2.57%	2.75%
Projected Salary inflation	1.1% in 2018 and 2% to 2031	1% in 2017 and 2% to 2031

The discount rate is based on the iBoxx Sterling AA Corporate Bond rate over 15 years prevailing at the 30 June of each relevant year. Salary inflation assumptions take into account the level of annual pay increases set in the April before the relevant year-end, prevailing CPI rates, and the Bank of England long-term inflation target of 2%. The calculation reflects an assumption that there would be some reduction in member numbers in the forward years. The assumptions underpinning the calculation reflect a prudent assessment of the available information and options but represents a key area of estimation uncertainty in the financial statements.

Analysis of the charge to the income and expenditure statement is set out below:

<b>Statement of Financial Activities</b>	<b>2017</b>	<b>2016</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Employer Contributions	1,068	1,023
Contributions allocated to deficit provision	(132)	(63)
Change in contributions from past expectations	71	(105)
<b>Contribution Costs Total</b>	<b>1,007</b>	<b>855</b>
Interest Payable	38	44
<b>Pension Costs Total</b>	<b>1,045</b>	<b>899</b>

### *Superannuation Arrangements of the University of London (SAUL)*

The College's calculated share of the SAUL defined benefit pension liability amounts to £58k (2016: £112k) and is charged in full to the Statement of Financial Activities. Of the College's 294 employees at 30 June 2017 (2016: 320) 102 were members of SAUL (2016: 92).

The Scheme Trustee and employers agreed that the technical provisions deficit at the valuation date of 31 March 2014 would be recovered by a 3% increase in employer contributions from 13% to 16% with effect from 1 April 2016 and over a deficit recovery period to 31 March 2018. In accordance with the guidance issued by SAUL, the College has calculated its share of the liability as at 30 June 2017 based upon the value of the future 3% deficit funding contributions payable under this agreement effective from 1 April 2016. The liability at 30 June 2017 has not been discounted this year since there are only 9 months remaining of the deficit recovery period and the discounted adjustment would not be material.

The total cost charged to the Statement of Financial Activities in respect of the SAUL pension scheme amounts to £465k as follows:

<b>SAUL Pension Scheme</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Employer contributions payable	407	270
Pension Liability provision	58	112
<b>Total Pension Charges</b>	<b>465</b>	<b>382</b>

### *Supplementary scheme disclosures*

Since the College cannot identify its share of the assets and liabilities of the USS and SAUL schemes, the following disclosures have been provided by the respective pension schemes to reflect those relevant for the schemes as a whole.

### *Universities Superannuation Scheme (USS)*

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings. Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long-term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
<b>Males currently aged 65 (years)</b>	<b>24.4</b>	<b>24.3</b>
<b>Females currently aged 65 (years)</b>	<b>26.6</b>	<b>26.5</b>
<b>Males currently aged 45 (years)</b>	<b>26.5</b>	<b>26.4</b>
<b>Females currently aged 45 (years)</b>	<b>29.0</b>	<b>28.8</b>

	2017	2016
<b>Scheme Assets</b>	<b>£60.0bn</b>	<b>£49.8bn</b>
<b>Total Scheme Liabilities</b>	<b>£77.5bn</b>	<b>£58.3bn</b>
<b>FRS 102 Total Scheme Deficit</b>	<b>£17.5bn</b>	<b>£8.5bn</b>
<b>FRS 102 Total Funding Level</b>	<b>77%</b>	<b>85%</b>

### *Superannuation Arrangements of the University of London (SAUL)*

The Superannuation Arrangements of the University of London ("SAUL") is a centralised defined benefit scheme within the United Kingdom for the non-academic staff of over 50 colleges and institutions with links to higher education.

Pension benefits accrued within SAUL currently build up on either a Final Salary basis or a Career Average Revalued Earnings ("CARE") basis. Following a consultation with Members, the SAUL Final Salary Section closed at 31 March 2016 and from 1 April 2016 all Members now build up benefits on a CARE basis.

The College is not expected to be liable to SAUL for any other current participating employer's obligations under the Rules of SAUL, but in the event of an insolvency event of any participating employer within SAUL, an amount of any pension shortfall (which cannot otherwise be recovered) in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The funding principles were agreed in November 2015 and are due to be reviewed at SAUL's next formal valuation in 2017. The Trustee and Employers agreed that the Technical Provisions deficit at the 31 March 2014 valuation would be addressed by employer contributions of 3% of Salaries between 1 April 2016 and 31 March 2018 (inclusive). The overall level of the Employers' contributions increased from 13% of Salaries to 16% of Salaries with effect from 1 April 2016. As a whole, the market value of SAUL's assets was £1,927 million representing 97% of the liabilities for benefits accrued up to 31 March 2014.



### College's other pension schemes

Of the College's 294 employees at 30 June 2017 (2016: 320), 39 were members of Standard Life (2016: 46) and 7 were members of the NHS Pension Scheme (2016: 10).

The College pays a contribution rate of 9% into the Standard Life defined contribution scheme at a total cost of £101,517 in 2017 (2016: £110,897) and a contribution rate of 14% into the NHS Pension Scheme at a total cost of £54,945 in 2017 (2016: £68,382). No contributions in respect of these schemes were outstanding at the balance sheet date.

## 22. Transactions with Trustees

No trustees receive any fees or honoraria for services. Trustees claim travelling, subsistence and accommodation costs in carrying out their College responsibilities and attending relevant meetings. The total expenses reimbursed to the trustees holding office during the 2016-17 year amounted to £78k (2016: £75k). This represented reimbursement to 13 trustees (2016: 11) and includes sessional payments made totalling £56k (2016: £44k).

The College received donations from trustees to the value of £91k during the current period (2016: £30k).

One of the College's trustees is Chief Executive of a company that provided professional services to the College to the value of £86k in the current year (2016: £71k). One trustee is President of an organisation that operates from within the College's premises under a tenancy agreement. The College received £4k in rent and service charges from this organisation during the current period (2016: £4k). There were no other related party transactions in the period.

## 23. Capital Commitments

There are no capital commitments contracted but not provided in the financial statements (2016: Nil). Since 30 June 2017, the College has entered into a design and build contract dated 1 September 2017 to redevelop its estate for the sum of £62.2m.

## 24. Operating Leases

The future minimum payments that the College is committed to make under operating leases are as follows:

	Furniture, Fittings & Vehicles £000
<b>Payments under leases due:</b>	
Under one year	15
One to two years	4
Within two to five years	-
	19

## 25. Legacy Income

Major legacies or gifts notified but not included in the financial statements, as they do not meet the income recognition criteria of entitlement, probability of receipt and measurement at the balance sheet date amount to £300k (2016: Nil).

## 26. Restricted Funds 2016 for comparison

	2015 £000	Increase £000	Decrease £000	Transfers £000	2016 £000
Trust funds	3,332	629	(1,351)	-	2,610
Grants and donations	6,612	3,606	(5,102)	-	5,116
<b>Total restricted funds</b>	<b>9,944</b>	<b>4,235</b>	<b>(6,453)</b>	<b>-</b>	<b>7,726</b>

The College has 27 trust funds and their position is set out below by fund:

### Research Trust Funds:

Modi Fund	427	4	(54)	-	377
Mr Sorab J Lam Legacy	425	4	(75)	-	354
Surgical Research Fund	267	31	(2)	-	296
Blond McIndoe (Joint Fund with Education)	235	3	(52)	-	186
Ethicon Travelling Fellowship	174	6	(9)	-	171
Miss Carol Rummey Legacy	135	12	(2)	-	145
H Speight Discretionary Trust	-	171	(26)	-	145
Dunhill Medical Trust	362	204	(452)	-	114
RCSE Fellows Fellowship Fund	127	180	(199)	-	108
DBP Surgical Trust Fund	142	2	(47)	-	97
Fletcher Legacy	74	1	(1)	-	74
Preiskel Fund	43	2	(2)	-	43
Cutner Legacy	34	-	-	-	34
Rex & Jean Lawrie O/S Fund	46	1	(16)	-	31
Shrimpton Fund	31	-	(11)	-	20
BLACK Legacy	77	1	(60)	-	18
Curry Legacy Damage/Pain	11	-	(1)	-	10
Far East HK Masonic Association	8	-	-	-	8
The Arthritis Research Trust	61	1	(56)	-	6
Guyatt Legacy	65	-	(61)	-	4
Clarke Legacy	4	-	(1)	-	3
Denker Legacy	7	-	(4)	-	3
Ethicon Research Fund	1	-	-	-	1
Starritt Legacy	22	-	(22)	-	-

### Education & Training Trust Funds:

E&T Haddock Legacy	421	4	(196)	-	229
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### Faculty of Dental Surgery Funds:

J W Mclean Fund	130	2	(2)	-	130
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### Faculty of General Dental Practice (UK) Funds:

Research Fund (FGDP(UK))	3	-	-	-	3
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<b>Total Trust Funds</b>	<b>3,332</b>	<b>629</b>	<b>(1,351)</b>	<b>-</b>	<b>2,610</b>
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	2015 £000	Increase £000	Decrease £000	Transfers £000	2016 £000
<b>Grants and donations are summarised as follows:</b>					
<b>Grants and Donations:</b>					
Education Centre Refurbishment	2,533	-	(696)	-	1,837
PCCT Transplant Fellowships	511	-	(121)	-	390
National Prostate Cancer Audit	138	403	(329)	-	212
Surgical Trials Units	190	2	-	-	192
FDS-NAC	137	52	(24)	-	165
eLearning for Healthcare	148	3	(1)	-	150
Education Development Restricted fund	-	-	-	136	136
Galeski Travelling Fellowship	124	12	(10)	-	126
Cosmetic Surgery Project	232	202	(325)	-	109
Health Education England	-	105	-	-	105
Other balances < £100,000	2,599	2,827	(3,596)	(136)	1,694
<b>Total Grants and Donations</b>	<b>6,612</b>	<b>3,606</b>	<b>(5,102)</b>	<b>-</b>	<b>5,116</b>
<b>TOTAL RESTRICTED FUNDS</b>	<b>9,944</b>	<b>4,235</b>	<b>(6,453)</b>	<b>-</b>	<b>7,726</b>

## 27. Endowed Funds 2016 for comparison

	Unapplied Total Return £000	Permanent Capital £000	Total Endowment £000
<b>Endowed Funds at 1 July 2015</b>	<b>17,535</b>	<b>14,951</b>	<b>32,486</b>
Investment Income	1,111	-	1,111
Legacies	23	-	23
Investment Gains	27	-	27
<b>Total income and Gains</b>	<b>1,161</b>	<b>-</b>	<b>1,161</b>
Application of total return	(1,154)	-	(1,154)
Investment Management Fees	(168)	-	(168)
<b>Total application and fees</b>	<b>(1,322)</b>	<b>-</b>	<b>(1,322)</b>
<b>Net movement in year</b>	<b>(161)</b>	<b>-</b>	<b>(161)</b>
<b>TOTAL ENDOWED FUNDS</b>	<b>17,374</b>	<b>14,951</b>	<b>32,325</b>

The College has 22 endowed funds and the 2015–16 position is set out below by fund:

ENDOWED FUND NAME	Unapplied Total Return 2015 £000	Income and Gains £000	Applied Total Return £000	Investment Fees £000	Unapplied Total Return 2016 £000	Permanent Capital £000	2016 Total £000
RCSE Research Fund	4,353	285	(333)	(42)	4,263	3,784	8,047
RCSE Education Fund	3,584	204	(182)	(30)	3,576	2,262	5,838
RCSE Cancer Research Fund	2,270	165	(148)	(21)	2,266	1,756	4,022
Presidents Finch Fund	243	82	(13)	(12)	300	2,108	2,408
Dental Science Research Fund	1,454	87	(165)	(13)	1,363	1,016	2,379
Rank Chair Physics in Surgery	1,186	76	(104)	(11)	1,147	955	2,102
RCSE Library Fund	1,008	64	(76)	(9)	987	833	1,820
M-W Johnson for Hunterian	720	40	(39)	(6)	715	425	1,140
RCSE Biochemical Research Fund	501	30	(26)	(5)	500	374	874
HS Morton Travelling Fellowship	301	17	(12)	(3)	303	200	503
Groves Bequest for Museum	319	16	(22)	(2)	311	161	472
Moser Trust (FDS)	285	16	-	(2)	299	173	472
George Qvist for Hunterian	258	16	(22)	(2)	250	209	459
John Kinross Fund Fellowship	232	12	-	(2)	242	104	346
RCSE Prize Fund	217	10	(1)	(1)	225	61	286
Sims Commonwealth Travelling Fellowship	123	8	-	(1)	130	106	236
Witt Fund	39	8	(4)	(1)	42	182	224
Commemoration Fund (FDS)	107	6	-	(1)	112	66	178
RCSE Scholarship Fund	105	5	-	(1)	109	51	160
Darlow Fellowship Fund	64	5	(2)	(1)	66	67	133
Rishworth Fund for Annals	76	5	(1)	(1)	79	50	129
RCSE Museum Fund	90	4	(4)	(1)	89	8	97
<b>TOTAL ENDOWED FUNDS</b>	<b>17,535</b>	<b>1,161</b>	<b>(1,154)</b>	<b>(168)</b>	<b>17,374</b>	<b>14,951</b>	<b>32,325</b>

## 28. Comparative statement of financial activities for the year ended 30 June 2016 showing performance of the separate classes of funds

	NOTES	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	2016 total £000
<b>INCOME AND ENDOWMENTS FROM</b>					
<b>Donations and legacies</b>					
Donations and gifts		112	847	-	959
Legacies		451	-	23	474
Grants		13	2,878	-	2,891
<b>Charitable activities</b>					
Courses		4,840	52	-	4,892
Examinations		4,769	-	-	4,769
Subscriptions		8,544	-	-	8,544
Charges and sales		2,229	365	-	2,594
<b>Other trading activities</b>					
Residential, conference and other		4,771	-	-	4,771
<b>Income from Investments</b>		1,423	93	1,111	2,627
<b>TOTAL INCOME</b>		<b>27,152</b>	<b>4,235</b>	<b>1,134</b>	<b>32,521</b>
<b>EXPENDITURE ON</b>					
	5				
<b>Raising funds</b>					
Fundraising costs		343	-	-	343
Residential, conference and other		3,223	233	-	3,456
Investment management fees		97	98	168	363
		<b>3,663</b>	<b>331</b>	<b>168</b>	<b>4,162</b>
<b>Charitable activities</b>					
Education and courses		5,202	1,053	-	6,255
Standards, regulation and examinations		8,016	733	-	8,749
Research grants	6	-	2,951	-	2,951
Clinical Effectiveness Unit and other projects		-	2,117	-	2,117
Museums and library		2,164	309	-	2,473
Communications and publications		2,517	-	-	2,517
Other professional activities		3,731	88	-	3,819
		<b>21,630</b>	<b>7,251</b>	<b>-</b>	<b>28,881</b>
<b>TOTAL EXPENDITURE</b>		<b>25,293</b>	<b>7,582</b>	<b>168</b>	<b>33,043</b>
Net income/(expenditure) before gains/(losses)		1,859	(3,347)	966	(522)
Net gains/(losses) on investments	10	(628)	(25)	27	(626)
<b>NET INCOME/ (EXPENDITURE)</b>		<b>1,231</b>	<b>(3,372)</b>	<b>993</b>	<b>(1,148)</b>
Application of Total Return	18	-	1,154	(1,154)	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>1,231</b>	<b>(2,218)</b>	<b>(161)</b>	<b>(1,148)</b>
Funds brought forward at 1 July		37,233	9,944	32,486	79,663
<b>FUNDS CARRIED FORWARD AT 30 JUNE</b>		<b>38,464</b>	<b>7,726</b>	<b>32,325</b>	<b>78,515</b>

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Published November 2017

Registered Charity No. 212808

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