

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2008**

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

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# ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### LEGAL AND ADMINISTRATIVE INFORMATION

**Charity Name:** Royal College of Physicians and Surgeons of Glasgow

**Registered Office and Operational Address:** 232 – 242 St Vincent Street, Glasgow G2 5RJ

**Charity Registration Number:** SC000847

#### Members of Council:

President: Prof B O Williams FRCPGlasg  
Honorary Treasurer: Mr I W R Anderson FRCSGlasg FRCPGlasg  
Vice-President (Surgical): Mr D J Galloway FRCSGlasg  
Vice-President (Medical): Dr F A Dunn FRCPGlasg (from December 2007)  
Dr C G Semple FRCPGlasg (to December 2007)  
Vice-President (Dental): Prof M A O Lewis FDS RCPSGlasg (from December 2007)  
Dr W M M Jenkins FDS RCPSGlasg (to December 2007)  
Registrar: Prof P V Knight FRCPGlasg  
Honorary Secretary: Dr J Taylor FRCPGlasg  
Honorary Librarian: Dr E Morrison FRCPGlasg  
Dean of the Faculty of Travel Medicine: Dr E Walker FRCPGlasg FFTM RCPS(Glasg)

Councillors: Dr J Long MRCP(UK) (to December 2007)  
Dr W Reid FRCPGlasg (to December 2007)  
Prof R D Sturrock FRCPGlasg (to December 2007)  
Prof J H McKillop FRCPGlasg (to December 2007)  
Mr G T Sunderland FRCSGlasg  
Dr A A Zoma FRCPGlasg  
Prof J R Connell FRCPGlasg  
Dr A A Dunk FRCPGlasg  
Prof R D Stevenson FRCPGlasg  
Mr J K Drury FRCSGlasg  
Mrs A K Lannigan FRCSGlasg  
Mr J R McGregor FRCSGlasg  
Mr M A P Bransby-Zachary FRCSGlasg  
Mr A D Henry FRCSGlasg  
Dr J A McCaul FDS RCPSGlasg FRCSGlasg  
Mr M J McKirdy FRCSGlasg  
Dr A Bryson FRCPGlasg  
Dr K R Paterson FRCPGlasg  
Dr L G McAlpine FRCPGlasg  
Dr H R Scott FRCPGlasg  
Prof S M MacRury FRCPGlasg  
Mr J D Watson FRCSGlasg  
Dr M M McElroy MRCP(UK)  
Prof C J Suckling Hon FRCPGlasg (from July 2007)  
Dr R MacKee FRCPGlasg (from September 2007)  
Mr I G Conn FRCSGlasg (from December 2007)  
Dr G Cook FRCPGlasg (from December 2007)  
Dr R Madhok FRCPGlasg (from December 2007)  
Mr N Mamode FRCSGlasg (from December 2007)

#### Audit and Remuneration Committee:

Mr Kevin Sweeney MA LLB CA	
Prof R D Stevenson FRCPGlasg	Trustee
Mr M J McKirdy FRCSGlasg	Trustee
Dr R Madhok FRCPGlasg	Trustee
Prof S M MacRury FRCPGlasg	Trustee

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**LEGAL AND ADMINISTRATIVE INFORMATION (continued)**

**Members of the Management Board**

President:	Prof B O Williams PRCPGlasg	Trustee
Honorary Treasurer:	Mr I W R Anderson FRCSGlasg	Trustee
Vice-President (Surgical):	Mr D J Galloway FRCSGlasg	Trustee
Vice-President (Medical):	Dr F A Dunn FRCPGlasg	Trustee
Vice-President (Dental):	Prof M A O Lewis FDS RCPSGlasg	Trustee
Honorary Secretary:	Dr J Taylor FRCPGlasg	Trustee
Registrar:	Prof PV Knight FRCPGlasg	Trustee
Chief Executive	Dr J Miller	
Head of Membership Services	Mr J Beaton	
Head of Examinations & Assessment	Ms V Hogg	
Head of Education & CPD	Mr B Howieson	
Head of Finance & Internal Support Services	Mrs L Quigg	

**Auditors:**

Wylie & Bisset LLP  
Chartered Accountants  
168 Bath Street  
Glasgow  
G2 4TP

**Bankers:**

Bank of Scotland  
54/62 Sauchiehall Street  
Glasgow  
G2 3AH

**Solicitors:**

Burness LLP  
Aurora Building  
120 Bothwell Street  
G2 7JL

**Investment Managers:**

Speirs & Jeffrey Stockbrokers  
36 Renfield Street  
Glasgow  
G2 1NA

# ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### REPORT OF THE TRUSTEES

The Council, who are trustees for the purposes of charity law, is pleased to present its report together with the financial statements of the charity for the year ended 31 March 2008. The legal and administrative information on pages 1 and 2 form part of this report. The Trustees who served during the year and since the year end are shown on page one.

#### Structure, Governance and Management

The College is a charity registered in Scotland. It is a body incorporated by Royal Charter whose principal concerns are with education and training for medical, surgical and dental practice and for the maintenance of high standards of professional competence and conduct. In practice the College works collaboratively with a number of other Royal Colleges via inter-collegiate committees to fulfil its purposes.

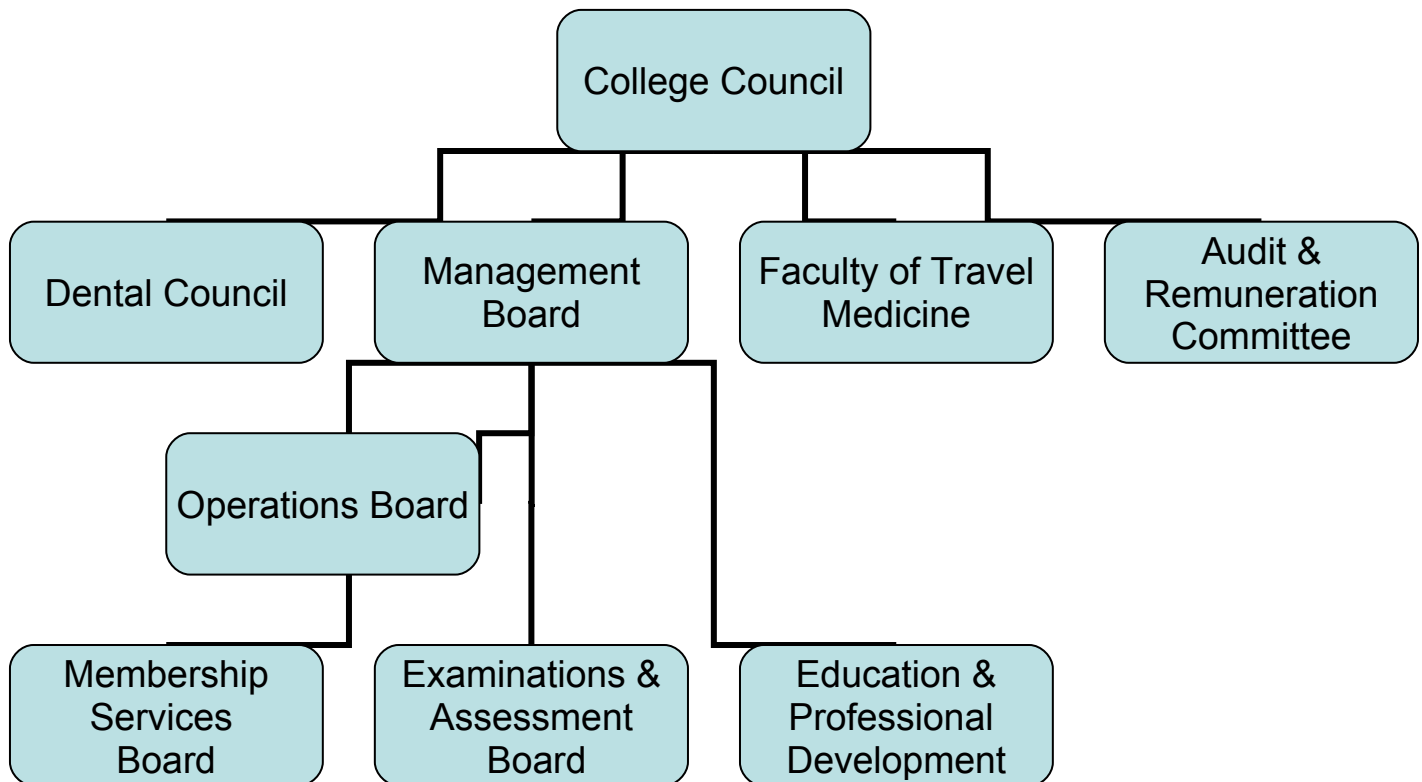
The following documents are the governing documents of the College:

- 1 Royal Charter of King James VI of Scotland of 29 November 1599;
- 2 Act of the Scottish Parliament of 11 September 1672;
- 3 Act of the British Parliament of 1850 (13 and 14 Vict CXX); and
- 4 Royal College of Physicians and Surgeons of Glasgow Order Confirmation Act 1962.

The governing body of the College is the Council which meets six times per year to control and arrange the affairs of the College in the furtherance of its objects. In between meetings of the Council, management is carried out by the College's boards and in particular the Management Board which meets six times per year to ensure that activities are progressing and to advise Council how to progress important matters.

Boards generally consist of a number of Council members and others elected and co-opted by the committee itself. All committee appointments have continuous length of service limits.

### ORGANISATIONAL STRUCTURE



# ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### REPORT OF THE TRUSTEES (continued)

The Trustees are Councillors of the College. The majority are elected and appointed by College membership, whilst two members are representatives of other medical faculties. Dr Adam Bryson is the representative of the Faculty of Public Health Medicine, which is empowered by paragraph 3.1(d) of the College Regulations to have a representative on the College Council. The other is Dr Ken Paterson who is the representative of the Faculty of Pharmaceutical Medicine, which is empowered by paragraph 3.1(e) to have a representative on College Council. In addition, the Federation of Surgical Specialist Associations has an observer who attends Council, Mr A J W Steers. The attendance of Trustees at Council is recorded and the Registrar writes to those Trustees whose attendance is poor. The attendance log for the year ended 31 March 2008 is shown below. The attendance register is also available for inspection at the Annual General Meeting.

Council Member	Potential Attendance	Actual attendance	Absences
Mr I W R Anderson	6	5	1
Mr M A P Bransby-Zachary	6	5	1
Dr A Bryson	6	3	3
Mr I G Conn	2	2	0
Professor J R Connell	6	1	5
Dr G Cook	2	0	2
Mr J K Drury	6	5	1
Dr A A Dunk	6	5	1
Dr F A Dunn	2	1	1
Mr D J Galloway	6	4	2
Mr A D Henry	6	5	1
Dr W M M Jenkins	3	3	0
Prof P V Knight	6	6	0
Prof M A O Lewis	3	1	2
Mrs A K Lannigan	6	4	2
Dr J Long	4	1	3
Prof S M MacRury	6	5	1
Dr L G McAlpine	6	4	2
Dr J A McCaul	6	3	3
Dr M M McElroy	6	5	1
Mr J R McGregor	6	5	1
Dr R McKee	4	2	2
Prof J H McKillop	4	1	3
Mr M J McKirdy	6	4	2
Dr R Madhok	2	2	0
Mr N Mamode	2	1	1
Dr E Morrison	6	5	1
Dr K R Paterson	6	2	4
Dr W Reid	4	4	0
Dr H R Scott	6	4	2
Dr C G Semple	4	3	1
Prof R D Stevenson	6	5	1
Prof R D Sturrock	4	4	0
Prof C J Suckling	5	2	3
Mr G T Sunderland	6	5	1
Dr J Taylor	6	6	0
Dr E Walker	6	6	0
Mr J D Watson	6	4	2
Prof B O Williams	6	6	0
Dr A A Zoma	6	6	0

## ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008 REPORT OF THE TRUSTEES (continued)

Council members take decisions in the best interests of the College as a whole. They are expected to be objective when decision-making and a register of interests is maintained in respect of each Council member. On appointment to office, Council members receive an induction pack of written information. Council have received training on the role of Trustees from legal advisors, and a further programme will be rolled out to all Trustees in the coming year.

#### **Risk Management**

The Council continues to assess the major risks to which the charity is exposed, in particular those related to the operations and finances of the College, and is satisfied that systems are in place to mitigate its exposure to the major risks.

#### **Objectives and Activities**

The mission of the Royal College of Physicians and Surgeons of Glasgow is to promote best levels of health and high standards of healthcare for people throughout the World. The College seeks to achieve this mission by:

- Promoting high standards of healthcare provision by its Fellows and Members.
- Working to produce education and training programmes to equip its Fellows and Members and other healthcare professionals with the knowledge, skills and attitudes to deliver the highest standards of healthcare.
- Conducting and developing valid examinations and other assessments of the acquisition and maintenance of knowledge, skills and attitudes.
- Promoting the lifelong learning of well-trained and well-supported specialists, and thus enhancing the care of patients.
- Maximising College's contribution to the professional support of the individual specialist, in particular with regard to appraisal and revalidation.
- Working in partnership with other education and healthcare providers to promote health and high standards of healthcare.
- Acting as a focus for discussion and debate and encouraging activities on the wider healthcare front that promote better health for populations in Scotland, the UK and overseas.
- Advising and influencing Governments, the public and professions on healthcare issues.

#### **Financial Review**

The three principal funding sources of the College are membership subscriptions, investment income and examination fees. The overall net decrease in funds in the year is £1,074,617 (2007 – net increase £898,567). Excluding investment gains and investment income, the College recorded an operating deficit of £518,396 in this period (2007 - £198,256). The principal reason for the increase in the operating deficit is the fall in examination income due to the introduction of changes in the training programme for junior doctors coupled with the changes in immigration rules. In 2007, the examination department reported a net surplus position of £219,928 whilst in 2008 they have reported a net deficit of £10,579. The fall in examination income has not been matched with a decrease in the cost of running the exams as a high proportion of examination costs relate to the running of centres and are not directly linked to examination candidates. The College has also reported an increase in the costs of governance and intercollegiate training primarily as a result of greater regulation from PMETB and providing representation to national strategic policy development.

#### **Investment Policy**

The Treasurer, Chief Executive and Head of Finance regularly review the investment strategy which enables the College to maintain and improve services to members whilst allowing sufficient flexibility to meet the external challenges and opportunities presented by its diverse operating environment. The College continues to hold a significant proportion of the investments in cash as it is expected that the College will need liquid assets to fund the development of a clinical skills centre in Glasgow. Since the year end, the stock market has continued to be extremely volatile so the book value of the majority of our equity holdings has continued to fall. These investments were selected for medium term growth and we expect these holdings to recover value over the next three years, and as we have ring fenced cash to fund exceptional items we do not foresee any need to dispose of these assets in the short term. The Treasurer and Head of Finance meet regularly with Speirs & Jeffrey to review the performance of the portfolio.

# ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### REPORT OF THE TRUSTEES (continued)

#### Reserves Policy

The College was founded in 1599 and has built up considerable reserves since then. These have arisen in two different ways. The principal **Endowment Funds** are shown in note 15 to the accounts and they represent gifts and bequests granted for the specific purposes set out. The remaining funds are held as **General Reserves** and these represent a combination of:

- the originating funds of the College;
- non-specific gifts and bequests;
- unrestricted funds arising from past operating results; and
- capital growth over the years of the investments in which these general reserves are invested.

The College relies on the investment income generated from these funds to achieve its objectives and Council has determined that the current level of reserves requires to be maintained in real terms. The Treasurer is currently reviewing the reserves policy in conjunction with the review of the investment policy.

#### Plans for Future Periods

The College aims for a coherent, comprehensive approach to the promotion of professional and personal development of its Members and Fellows – both existing and prospective – in response to the changes and challenges which face doctors, dentists and other health professionals at the start of the 21<sup>st</sup> century.

The changes in clinical practice are bringing about a blurring of traditional boundaries – both within disciplines and between professions. The College's longstanding breadth of approach makes it well placed to promote a multi- and interdisciplinary programme.

#### Trustees' Responsibilities

The Trustees are responsible for preparing accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year which give a true and fair view of the state of affairs of the College as at the Balance Sheet date and of its incoming resources and expended resources, including income and expenditure, for the financial period. In preparing these financial statements, Council is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the College will continue to operate.

Council is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and for ensuring that the financial statements comply with the relevant legislation. Council is also responsible for safeguarding the assets of the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the College is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the College or for publication is reliable;
- the College complies with its Charter and relevant laws and regulations; and
- the College has actively pursued all of its objectives and policies throughout the year.

#### Trustees' statement on Audit Enquiries

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

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**REPORT OF THE TRUSTEES (continued)**

**Auditors**

Wylie & Bisset LLP succeeded Wylie & Bisset as auditors to the College subsequent to the year end. A resolution to reappoint Wylie & Bisset LLP as auditors to the College will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

Approved by the Trustees and signed on their behalf by:

**Treasurer: Mr Ian Anderson**

Date: 28<sup>th</sup> July 2008

## **ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

#### **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW FOR THE YEAR ENDED 31 MARCH 2008**

This report is issued in respect of an audit carried out under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of Royal College of Physicians and Surgeons of Glasgow for the year ended 31 March 2008 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

The responsibilities of the trustees for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information published with the financial statements and consider whether it is consistent with the audited financial statements. The other information comprises only the Trustees' Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW FOR THE YEAR ENDED 31 MARCH 2008 (contd)**

**Opinion**

In our opinion the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2008 and of its incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and UK Generally Accepted Accounting Practice; and
- The information given in the Trustees' Annual Report is consistent with the financial statements

WYLIE & BISSET LLP  
**Chartered Accountants  
and Registered Auditors**

168 Bath Street  
GLASGOW  
G2 4TP

ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account)

	NOTE	Unrestricted £	Permanent Endowment £	31 March 2008 Total £	31 March 2007 Total £
<b>Incoming Resources</b>					
Incoming resources from charitable activities	2	3,077,745	0	3,077,745	3,440,105
Incoming resources from voluntary funds					
Grants received		21,435	0	21,435	42,800
Activities for generating funds	3	168,790	0	168,790	161,517
Investment income		554,112	212,138	766,250	555,930
Other incoming resources		55,417	0	55,417	0
<b>Total Incoming Resources</b>		<b>3,877,499</b>	<b>212,138</b>	<b>4,089,637</b>	<b>4,200,352</b>
<b>Resources expended</b>					
Charitable activities	4	3,146,476	114,216	3,260,692	3,327,947
Costs of generating funds					
Fundraising costs	5	212,979	0	212,979	169,801
Investment and management costs		0	0	0	936
Governance costs	6	368,112	0	368,112	343,994
<b>Total Resources Expended</b>		<b>3,727,567</b>	<b>114,216</b>	<b>3,841,783</b>	<b>3,842,678</b>
<b>Net incoming resources before transfers</b>		<b>149,932</b>	<b>97,922</b>	<b>247,854</b>	<b>357,674</b>
<b>Transfers</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net incoming resources before other recognised gains and losses</b>		<b>149,932</b>	<b>97,922</b>	<b>247,854</b>	<b>357,674</b>
<b>Other recognised gains and losses</b>					
Realised gains on disposal of investments		8,405	3,305	11,710	111,515
Unrealised movement in market value	11	(957,578)	(376,603)	(1,334,181)	429,378
<b>Net movement in funds</b>		<b>(799,241)</b>	<b>(275,376)</b>	<b>(1,074,617)</b>	<b>898,567</b>
<b>Reconciliation of Funds</b>					
Total funds brought forward		11,121,887	4,370,163	15,492,050	14,593,483
Total funds carried forward		<b>10,322,646</b>	<b>4,094,787</b>	<b>14,417,433</b>	15,492,050

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**BALANCE SHEET AT 31 MARCH 2008**

	Notes	£	31 March 2008 £	31 March 2007 £
<b>FIXED ASSETS</b>				
Tangible Assets	10		-	-
Investments	11		<b>15,578,318</b>	15,926,951
			<u><b>15,578,318</b></u>	<u>15,926,951</u>
<b>CURRENT ASSETS</b>				
Cash at bank and in hand		<b>234,553</b>	1,161,461	
Debtors	12	<b>316,664</b>	298,790	
Stock	13	<b>24,762</b>	25,645	
		<u><b>575,979</b></u>	<u>1,485,896</u>	
Creditors: amounts falling due within one year	14	<b>1,736,864</b>	1,920,797	
			<u>1,920,797</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(1,160,885)</b>	(434,901)
<b>NET ASSETS</b>			<u><b>14,417,433</b></u>	<u>15,492,050</u>
<b>Unrestricted Funds</b>				
	16			
Honeyman Fund		<b>10,000</b>		10,000
General Funds		<b>10,312,646</b>		11,111,887
			<b>10,322,646</b>	<u>11,121,887</u>
<b>Permanent Endowment Funds</b>	15		<b>4,094,787</b>	4,370,163
<b>TOTAL FUNDS</b>			<u><b>14,417,433</b></u>	<u>15,492,050</u>

Approved by the Trustees and signed on their behalf by:

**Mr Ian Anderson**

**Professor Robin Stevenson**

Date: 28<sup>th</sup> July 2008

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**CASH FLOW STATEMENT**

	<b>31 March 2008</b>	31 March 2007
	<b>£</b>	<b>£</b>
College surplus	<b>247,854</b>	357,674
Decrease in stock	<b>883</b>	3,673
(Increase)in debtors	<b>(17,874)</b>	(155,209)
(Decrease)/increase in creditors	<b>(183,933)</b>	93,933
<b>Net cash inflow from operating activities</b>	<b>46,930</b>	300,071
<b>Investment activities</b>		
Purchase of investments	<b>(1,679,452)</b>	(3,183,129)
Sale of investments	<b>705,614</b>	3,169,668
<b>Net cash outflow from investment activities</b>	<b>(973,838)</b>	(13,461)
<b>(Decrease)/increase in cash</b>	<b>(926,908)</b>	286,610
At 31 March 2007	<b>1,161,461</b>	874,851
At 31 March 2008	<b>234,553</b>	1,161,461

**Analysis of changes in cash during the year**

	<b>31 March 2008</b>	31 March 2007	<b>Change in year</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and on hand	<b>234,553</b>	1,161,461	<b>(926,908)</b>

# ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Accounting Policies

##### a) Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value and with the exception of the accounting for fixed assets as set out below. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable UK Accounting Standards. The principal accounting policies adopted in the preparation of the financial statements are set out below.

##### b) Fund accounting

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the College.
- Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.
- Permanent Endowment funds are restricted funds where any capital together with subsequent investment gains and losses can only be distributed in accordance with the terms imposed by the donor.

##### c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the College is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the College, are recognised when the College becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the College where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable and is allocated to the general fund and the permanent endowments funds on an appropriate basis.
- Incoming resources from charitable trading activities are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the College earns the right to consideration by its performance.
- Subscriptions are paid for the year ended 30<sup>th</sup> September, and are accounted for in the period to which they relate.

Income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods;  
or
- The donor has imposed conditions which must be met before the College has unconditional entitlement.

# ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 1. Accounting Policies (continued)

##### d) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the College in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the College and include the audit fees and costs linked to the strategic management of the College.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

##### e) Tangible fixed assets and depreciation

To comply with the SORP 2005 and FRS 15 regarding the inclusion of fixed assets in the balance sheet, the college property and contents should be stated at cost, and depreciated. The College has historically written such costs off against revenue when incurred. It is considered that it would not be cost-effective to include fixed assets at cost and accordingly the College buildings, Nos. 232/242 St Vincent Street, together with their fittings, historic chattels and other contents are not valued in the balance sheet.

Similarly, furniture and equipment is not capitalised but is written off against the income of the year of acquisition.

##### f) Investments

Investments are included at market value at the Balance Sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals during the year.

##### g) Stock

Stock is included at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items.

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**1. Accounting Policies (continued)**

**h) Pension scheme**

The College operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are administered by Trustees in a fund independent from those of the College.

The pension costs charged against profits represent the amount of employer's contributions payable to the scheme in respect of the accounting period.

**i) Taxation**

The College is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

**2. Incoming Resources from Charitable Activities**

	Unrestricted £	Permanent Endowment Funds £	31 March 2008 Total £	31 March 2007 Total £
Examination Fees	1,497,922	0	1,497,922	1,911,826
Education	315,582	0	315,582	309,214
Members subscriptions	1,264,241	0	1,264,241	1,219,065
	<u>3,077,745</u>	<u>0</u>	<u>3,077,745</u>	<u>3,440,105</u>

**3. Activities for Generating Funds**

	Unrestricted £	Permanent Endowment Funds £	31 March 2008 Total £	31 March 2007 Total £
Letting of College Accommodation	<u>168,790</u>	<u>0</u>	<u>168,790</u>	<u>161,517</u>

**4. Resources Expended- Charitable Activities**

	Direct Costs £	Support Costs £	31 March 2008 Total £	31 March 2007 Total £
Examinations	1,169,378	339,123	1,508,501	1,691,898
Education	289,609	233,939	523,548	544,605
Members subscriptions	191,923	283,809	475,732	378,903
Library	87,236	129,898	217,134	260,478
Fellowships and grants payable	136,212	48,451	184,663	204,710
Intercollegiate Training	307,775	43,339	351,114	247,353
	<u>2,182,133</u>	<u>1,078,559</u>	<u>3,260,692</u>	<u>3,327,947</u>

£50,000 of the fellowships and grants payable shown above was paid to two institutions; University College London (£20,000) and University of Sheffield (£30,000). The balance of £86,212 was paid directly to 31 individuals.

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. Resources Expended – Costs of Generating Funds**

	Direct Costs	Support Costs	31 March 2008 Total	31 March 2007 Total
	£	£	£	£
Letting of College Accommodation	<u>111,500</u>	<u>101,479</u>	<u>212,979</u>	<u>169,801</u>

**6. Resources Expended – Governance Costs**

	Direct Costs	Support Costs	31 March 2008 Total	31 March 2007 Total
	£	£	£	£
Staff Costs	181,893	115,948	297,841	299,571
Auditors' Remuneration	12,111	0	12,111	10,500
Legal & Other Professional Fees	18,736	0	18,736	(6,834)
Cost of Meetings	39,424	0	39,424	40,757
	<u>252,164</u>	<u>115,948</u>	<u>368,112</u>	<u>343,994</u>

The direct staff costs included within governance reflect the large amount of staff time expended on medical regulation and governance in addition to the governance of the College and it's boards.

**7. Net Incoming Resources for the Year**

This is stated after charging:

	31 March 2008	31 March 2007
	£	£
Auditors' Remuneration - Audit Fees	<u>12,111</u>	<u>10,500</u>

**8. Staff Costs and Numbers**

Staff costs were as follows:

	31 March 2008	31 March 2007
	£	£
Salaries and wages	1,218,138	1,226,637
Social security costs	116,474	117,491
Other pension costs	83,685	77,909
Total	<u>1,418,297</u>	<u>1,422,037</u>

Average number of employees during the period	<u>62</u>	<u>64</u>
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The number of employees whose emoluments on a per annum basis exceeded £60,000 were:

£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1

The employee is a member of the defined contributions scheme.

**9. Remuneration and Related Party Transactions**

No Trustees received any remuneration during the year. Travel costs amounting to £11,809 (2007 - £14,903) were reimbursed to 24 (2007 -21) Trustees.

No Trustee or other person related to the College had any personal interest in any contract or transaction entered into by the College during the year (2007 – Nil).

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10. Tangible Fixed Assets**

The original cost and current value of the fixed assets is not available without incurring significant expenditure which would not further the College's purposes. The fixed assets are insured on a reinstatement basis as follows:

**(a) College buildings**

On day one re-instatement, subject to a declared value of £14,125,250 as at 01 June 2007, with provision for an uplift of 20%.

(b) Fixtures, fittings and all other contents for a sum of £10,018,000 as at 01 June 2007.

**11. Fixed Asset Investments**

	<b>31 March 2008</b>	31 March 2007
	£	£
Market value at 1 April 2007	<b>15,926,951</b>	15,372,597
Additions at cost	<b>1,679,452</b>	3,183,129
Disposals at opening book value	<b>(693,904)</b>	(3,058,153)
Unrealised movement in market value	<b>(1,334,181)</b>	429,378
Market value at 31 March 2008	<u><b>15,578,318</b></u>	<u>15,926,951</u>
Historical cost at 31 March 2008	<u><b>13,945,000</b></u>	<u>13,018,800</u>

As at 31 March 2008, £7,289,376 of the portfolio was held in cash (31 March 2007: £6,707,207).

Since the year end, the stock market has continued to be extremely volatile so the book value of the majority of our equity holdings has continued to fall. These investments were selected for medium term growth and we expect these holdings to recover value over the next three years, and as we have ring fenced cash to fund exceptional items we do not foresee any need to dispose of these assets in the short term.

**12. Debtors**

	<b>31 March 2008</b>	31 March 2007
	£	£
Other debtors	<b>267,872</b>	218,726
Prepayments	<b>48,792</b>	80,064
	<u><b>316,664</b></u>	<u>298,790</u>

Included within debtors is a secured loan of £47,931 which bears interest at commercial rates and is repayable progressively by 2022.

**13. Stock**

	<b>31 March 2008</b>	31 March 2007
	£	£
Goods for sale	<u><b>24,762</b></u>	<u>25,645</u>

There is no material difference between the book value of stocks and replacement cost.

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**14. Creditors: Amounts falling due within one year**

	<b>31 March 2008</b>	31 March 2007
	£	£
Trade creditors	<b>44,082</b>	55,439
Other taxes and social security costs	<b>44,107</b>	12,238
Other creditors	<b>692,942</b>	731,762
Deferred Income	<b>260,390</b>	416,028
Accruals	<b>695,343</b>	705,330
	<b><u>1,736,864</u></b>	<u>1,920,797</u>

**15. Permanent Endowment Funds**

	<b>Movement in funds</b>				<b>Balance at 31 March 2008</b>
	<b>Balance at 1 April 2007</b>	<b>Incoming Resources</b>	<b>Expenditure</b>	<b>Investment losses</b>	
	£	£	£	£	£
Ethicon Fund	171,154	8,308	(1,200)	(14,620)	<b>163,642</b>
The Geoffrey Balmano Fleming Trust Fund	340,022	16,505	0	(29,045)	<b>327,482</b>
Glasgow Lock Hospital Trust	1,067,818	51,834	0	(91,213)	<b>1,028,439</b>
The Aileen Lynn Bequest	95,559	4,639	(3,920)	(8,163)	<b>88,115</b>
The David Murdoch Memorial Fund	61,029	2,962	(2,000)	(5,213)	<b>56,778</b>
Ritchie Trust Fund	464,162	22,532	(20,000)	(39,649)	<b>427,045</b>
Mr & Mrs Walker Trust Fund	415,058	20,148	(20,000)	(35,454)	<b>379,752</b>
Professor TC White Bequest	1,755,361	85,210	(67,096)	(149,941)	<b>1,623,534</b>
	<b><u>4,370,163</u></b>	<u>212,138</u>	<u>(114,216)</u>	<u>(373,298)</u>	<b><u>4,094,787</u></b>

**Ethicon Fund**

This fund was provided to promote international goodwill in medicine and surgery by means of grants to assist the overseas travel of surgeons, or for such other purposes as the Council may from time to time determine.

**The Geoffrey Balmano Fleming Trust Fund**

This fund was provided to support:

- a library to be used for the purposes of postgraduate medical education;
- Lectureships and Scholarships in connection with postgraduate medical education; and
- Such other purposes in connection with postgraduate medical education as the Council may think fit.

**Glasgow Lock Hospital Trust**

This fund was provided to support:

- Research into venereal disease;
- Counselling and advertising on the prevention of venereal disease; and
- Such other purposes for the advancement of medical science as the Council may think fit.

**The Aileen Lynn Bequest**

This bequest from the late Aileen Lynn has enabled the College to establish a fund to be used in the field of cancer research. The Scholarship Committee will award small equipment grants of up to £5,000 each. One or two grants may be awarded each year dependent on the quality of submissions and the balance on the fund.

**The David Murdoch Memorial Fund**

This fund was provided to support Scholarships to enable Fellows and Members of the College to travel to other medical centres in the United Kingdom or overseas in furtherance of their knowledge of cardiology.

**ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF GLASGOW**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Permanent Endowment Funds (continued)**

**Ritchie Trust Fund**

Initially the Ritchie Trust Fund will support a Research Fellowship. As the Fund grows, it may be used to support training fellowships, travelling fellowships, visiting scholarships, travel grants or any other educational activity which the Scholarship Committee considers appropriate.

**Mr & Mrs Walker Trust Fund**

This fund was provided to support:

- the acquisition of literature relating to rheumatic diseases;
- A Lectureship in some subject relating to rheumatic diseases;
- A Scholarship or Scholarships (no subject specified); and
- such other purposes as the Council may think fit.

**Professor TC White Bequest**

This fund was provided for the furtherance of postgraduate dental education and research.

**16. Unrestricted funds**

	Movement in funds				Balance at 31 March 2008 £
	Balance at 1 April 2007 £	Incoming Resources £	Expenditure £	Investment losses £	
Honeyman Fund	10,000	0	0	0	10,000
General Fund	11,111,887	3,877,499	(3,727,567)	(949,173)	10,312,646
	<u>11,121,887</u>	<u>3,877,499</u>	<u>(3,727,567)</u>	<u>(949,173)</u>	<u>10,322,646</u>

**17. Analysis of Net Assets**

	Investments	Net Current Assets	Total 31 March 2008	31 March 2007
	£	£	£	£
Honeyman Fund	10,000	0	10,000	10,000
General Fund	11,473,531	(1,160,885)	10,312,646	11,111,887
Restricted Funds	4,094,787	0	4,094,787	4,370,163
	<u>15,578,318</u>	<u>(1,160,885)</u>	<u>14,417,433</u>	<u>15,492,050</u>