



The Royal College of Pathologists
Celebrating 50 years 1962–2012

Annual report and financial statements
For the year ended 30 June 2012

Registered charity number 261035



The Royal College of Pathologists
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**INVESTORS
IN PEOPLE**

The Royal College of Pathologists

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The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2012

Council are pleased to present their report together with the financial statements of the College for the year ended 30 June 2012.

Reference & administrative details

Principal Office

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

Registered charity number: 261035

Trustees

Members of College Council are the Trustees of the College. Council is made up of honorary officers, elected and co-opted Councillors. Those who served on College Council during the year were as follows:

Honorary Officers, nominated from the fellowship, and elected by Council:

Dr Archie Prentice *	Vice President	(Demitted office 23 November 2011)
	President	(Appointed 23 November 2011)
Professor Peter Furness *	President	(Demitted office 23 November 2011)
Dr Bernie Croal *	Chair Scottish National Council	(Demitted office 23 November 2011)
	Vice President	(Appointed 23 November 2011)
Dr Suzy Lishman *	Registrar	(Demitted office 23 November 2011)
	Vice President	(Appointed 23 November 2011)
Professor Michael Wells *	Elected Councillor	(Demitted office 23 November 2011)
	Vice President	(Appointed 23 November 2011)
Dr Danielle Freedman *	Vice President	(Demitted office 23 November 2011)
Dr Tim Wreghitt *	Vice President	(Demitted office 23 November 2011)
Dr Charles Singer *	Treasurer	
Dr Rachael Liebmann *	Assistant Registrar	(Demitted office 23 November 2011)
	Registrar	(Appointed 23 November 2011)
Dr Simon Knowles *	Chair South West Regional Council	(Demitted office 23 November 2011)
	Assistant Registrar	(Appointed 23 November 2011)

Elected Councillors

Dr David Cassidy *	Chair Welsh National Council	
Dr Simon Davies	Chair South West Regional Council	(Appointed 23 November 2011)
Professor Stephen Gillespie *	Elected Councillor	(Demitted office 23 November 2011)
	Chair Scottish National Council	(Appointed 23 November 2011)
Dr Bushra Hamid	Chair North West Regional Council	
Dr Mark Heatley	Chair Northern Regional Council	
Dr Jeremy Quiney	Chair South East Regional Council	
Dr Ian Seddon	Chair Eastern Regional Council	
Dr Mallika Sekhar	Chair London Regional Council	
Professor Carrock Sewell	Chair Trent Regional Council	
Dr Thomas Trinick *	Chair Northern Ireland National Council	
Mr Craig Webster	Chair West Midlands Regional Council	

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2012

Trustees (continued)

Dr Stephen Barrett	(Demitted office 23 November 2011)
Dr Michael Galloway	(Demitted office 23 November 2011)
Professor Kate Gould *	(Appointed 23 November 2011)
Mr Michael Hallworth	(Demitted office 23 November 2011)
Dr Tim Helliwell	(Appointed 23 November 2011)
Professor David Linch	(Demitted office 23 November 2011)
Professor James Lowe	(Appointed 23 November 2011)
Dr Tim Noakes	(Appointed 23 November 2011)
Professor Guy Rutty	(Demitted office 23 November 2011)
Dr Lance Sandle	(Appointed 23 November 2011)
Dr Prema Seetulsingh	(Appointed 23 November 2011)
Professor Tim Stephenson	(Appointed 23 November 2011)
Dr Anne Thorpe	(Demitted office 23 November 2011)
Dr Philip Wood *	(Appointed 23 November 2011)

Co-opted Councillors

Professor William Fraser	(Appointed 23 November 2011)
Professor Peter Goldfarb	(Appointed 23 November 2011)
Dr Richard Herriot *	(Demitted office 23 November 2011)
Dr Sandra Scholes	
Dr Jeff Seneviratne	(Appointed 23 November 2011)
Dr Heather Wallace	(Demitted office 23 November 2011)
Dr Jonathan Waters	

* Member of the Executive Committee and the Finance Committee

Senior Staff

Daniel Ross	Chief Executive
Elsbeth Evans	Deputy Chief Executive
Joanne Brinklow	Head of Educational Standards
Stella Macaskill	Head of Professional Standards

Professional advisors to the College

Auditors:	Coulthards Mackenzie, 9 Risborough Street, London SE1 0HF.
Bankers:	HSBC Bank, 69 Pall Mall, St. James's, London SW1Y 5EY. National Westminster Bank, 208 Piccadilly, London W1A 2DG.
Solicitors:	IBB Solicitors. Capital Court, 30 Windsor Street, Uxbridge UB8 1AB S J Berwin LLP, 10 Queen Street Place, London EC4R 1BE. Wilsons Solicitors LLP, 4 Lincoln's Inn Fields, London WC2A 3AA
Stockbrokers:	Collins Stewart, 8th Floor, 88 Wood Street, London EC2V 7QR.
Insurers:	Sydney Packett & Sons Limited, Salts Wharf, Ashley Lane, Shipley, West Yorkshire BD17 7DB.

Structure, Governance & Management

The College of Pathologists was founded on 21 June 1962 and was incorporated under Royal Charter on 28 February 1970, and registered as a Charitable Trust on 28 April 1970. The College is governed by its Royal Charter, Ordinances and By-laws.

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2012

Structure, Governance & Management (continued)

The Trustees who served during the year are set out above. Council members are appointed for three years after which they may serve again only after a one year gap. The President, three Vice Presidents, Registrar and Assistant Registrar serve for a three-year term of office. The Treasurer can serve for a maximum of two consecutive three-year terms of office. The President is elected by the Council from amongst the Fellows of the College. Other Council members must be a Fellow of the College.

Council is the governing body of the College and meets five times per year, and is responsible for the affairs and business of the College. There are sub committees, including the executive committee, finance committee, standing advisory committees, examinations and training committees and a lay advisory committee. Any actions including any decisions of any committee must be reported to and confirmed by Council as soon as practicable.

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

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

The College wholly owns a subsidiary company, 2 Carlton House Terrace Limited, which undertakes certain trading activities. The 3 directors of the company are the College's President, Treasurer and Chief Executive. College Council requires that the taxable profits of the company be paid to the College under gift aid.

Responsibilities of the Trustees

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

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

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

Statement of disclosure to auditor

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

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2012

Risk management

Council has approved a risk management policy and process, and is responsible for overseeing risk management in the College as a whole and for determining the overall risk management appetite. A risk register has been established using specialist risk management software. Council policy is to review the risk register every year so as to ensure that the impact of financial, strategic, operational and business risks are minimised. Council has conducted a review of the major risks to which the College is exposed and satisfied themselves that systems or procedures have been established to mitigate those risks.

Objectives & activities

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

Public benefit statement

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

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

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

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

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

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

The College looks after the interests of patients by:

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

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2012

Public benefit statement (continued)

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

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

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

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

Activities

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

Postgraduate education, examinations and assessments:

- The setting of standards for training in pathology including issuing competency based curricula for chemical pathology, histopathology, medical microbiology and virology.
- Administering the Joint Committee for Pathology Training and the College Advisory Training Teams who advise on all major issues relating to specialist training in pathology.
- Providing an on-line training portfolio to allow registered trainees to record their progress in training.
- Running the part 1 and part 2 examinations in the 19 pathology specialties.
- Running the Diploma examinations in forensic pathology, cytopathology and dermatopathology.
- Recommending individuals for the award of a Certificate of Completion of Training (CCT) to the General Medical Council (GMC) in chemical pathology, histopathology, medical microbiology and virology.
- Recommending to the GMC whether or not the training and/or qualifications and experience of pathologists applying to the specialist register under Article 14 is equivalent in content and duration to that required for a CCT.
- Granting educational approval of programmes for training of senior house officers and specialist registrars which are approved by the GMC.
- Managing the sponsorship of overseas doctors for limited registration with PLAB exemption on behalf of the GMC.
- Responding to initiatives from the Department of Health and Modernising Medical Careers including foundation programmes and run through training.
- Establishing and running the programme of year 1 assessments and dealing with other workplace based assessments.
- Management of the process of admission to membership by published works.

Professional standards

- Providing a leading continuing professional development programme for the membership, that is additionally open to non-members.

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Report of the Trustees for the year ended 30 June 2012

Activities (continued)

- Providing guidance on best practice with regard to clinical audit and audit of individual performance. The provision of guidance on the maintenance of professional standards and working with NIHC, National Patient Safety Agency and other organisations to contribute to national guidelines and audit.
- Administration of the Professional Performance Panel dealing with problem cases in all disciplines of pathology, and the production of guidelines relating to professional performance.
- The production of guidelines on best practice, including the College's standards and minimum datasets for the reporting of common cancers.

Conferences and academic activities

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

Advisory committees

- Much of the work of the College is achieved through sub committees of council. This activity manages and services the College's standing committees, specialty advisory committees, intercollegiate and joint committees, working parties, and the regional and devolved national councils.
- Standing committees deal with generic matters crossing all pathology specialties whilst the specialty advisory committees advise on specialty specific matters such as histopathology and microbiology, etc.
- Servicing the lay advisory committee so as to ensure lay involvement in the College decision making process.

Research

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

Workforce

- Approves job descriptions and oversees the College's statutory role in consultant advisory appointment committees.
- The collection of data on the pathology workforce and the provision of advice on workforce planning for the pathology specialties.

Communications and public engagement

- Production of the quarterly publication "The Bulletin" distributed to members and subscribers.
- Maintaining the College's web site, including the members' area, ensuring that it is up to date.
- Proactively handling media enquiries relating to pathology.
- Production of the monthly e-newsletter available to members.
- Production of a range of publications and guidelines on best practice in pathology.
- Running the public engagement programme including National Pathology Year for 2012.

Education centre

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

Consultancy services

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

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2012

Volunteers

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

Achievements & performance

The College produces a full Annual Report, which should be consulted for a much more detailed analysis of the achievements and performance of the College for the year to 30th June 2012. Items of significant note included the maintaining of our Investors in People accreditation and the running of events for National Pathology Year, celebrating the College's golden anniversary. The level of activity has so far exceeded the expectations of all those involved and the programme has been a great success to date.

Investment performance

The performance of the College's investment portfolio is independently benchmarked by the WM Company against their unconstrained charity universe. This universe represents the performance of UK charity funds with discretionary mandates. The portfolio returned a negative 1.4% in the calendar year to 31st December 2011 compared to the benchmark negative return of 2.9%, and placed the College in the top 41% of funds measured by WM for that year and the top 47% of funds over a time weighted 5-year basis.

Financial review

The College's income for the year amounted to £4,167,575. Subscription income of £2,309,667 still represents the largest single source of income. The number of College members has increased marginally from 10,321 at the beginning of the financial year to 10,535 at the year end.

During the year the College received £68,401 from the Jean Shanks Foundation and £70,000 from Baxter BioScience to support research fellowships. Council are most grateful to those that have given so generously to these appeals.

The College has been fortunate to receive project grant funding during the year for the continuing development of the national laboratory medicine catalogue and for the death certification project. Work commenced this year on the clinical leadership in pathology programme to ensure that pathologists are equipped to manage NHS service as an essential requirement for improving the quality of patient services, with expenditure of £278,500 from funding received in prior years.

Income from the Education Centre amounted to £213,125, which was a small decrease over the prior year. Forward bookings are not as strong as in prior years as clients look at ways to reduce the number of meetings they hold, and the effect of the Olympics generally on meetings where organisers are avoiding holding events in London over the first quarter of the new financial year. This activity is carried out by 2 Carlton House Terrace Limited, the College's wholly owned subsidiary company.

During the year the College established RCPATH Consulting, as a trading division of the subsidiary company, to provide consultancy services where an authoritative independent view is required on the provision of high quality pathology services, advice on the commissioning or tendering of pathology services, advice on the reconfiguring of pathology services or advice as part of an option appraisal process. Income for the year was £31,053 with expenditure of £17,309. Through a marketing initiative the College is in discussions with a number of potential clients for this service.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2012

Financial review (continued)

In early 2012 we successfully launched the new College website with a facility to automatically link with the main College database, allowing more efficient changes of an individual's contact information, payment of subscriptions and an ability to book attendance at College symposia. This will be enhanced over the coming months to allow candidates for examinations to book directly on line.

Reserves

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

The College's reserves ensure that short term changes in revenue will not materially affect the College's activities, secures the long term funding of the College and enables the College to meet its duties under statute and its Royal Charter to promote standards of education and practice of pathology. This level of reserves would also enable the College to address any unforeseeable ad-hoc expenditure arising from topical issues in pathology, which the College feels should be addressed. At 30th June 2012 the level of free reserves of £3.7 million equated to just over 11 months income cover.

Designated funds

Designated funds are funds set aside by Council out of unrestricted general funds for specific future purposes or projects, and are excluded from the value of the College's free reserves. An explanation of the College's designated funds is as follows:

The designated leasehold replacement fund represents security against the declining value of the lease. The intention is to build up the value of this fund over time to provide for the future cost of either renewing the lease on the premises, which expires in 2069, or sourcing alternative accommodation. During the year £325,001 was transferred from general unrestricted funds with the balance of this fund at 30th June 2012 being £2,111,162.

The designated national pathology workforce database fund was established to maintain the momentum in producing a national database for the collection and collation of statistics relating to the pathology workforce across all areas of the profession in the United Kingdom. This database is being run in collaboration with the Clatterbridge Centre for Oncology. The transfer of £10,009 represents a proportion of the cost of running the project during the year. The balance of this fund at 30th June 2012 was £12,000.

The designated public engagement fund was established to pump-prime the costs of the public engagement project by funding the initial costs of a project officer and running costs and also to hold the College's contribution towards the running costs of National Pathology Year in 2012. During the year £38,015 was transferred to general unrestricted funds with the balance of this fund at 30th June 2012 being £211,985.

Investment policy and objectives

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

The Royal College of Pathologists

Report of the Trustees for the year ended 30 June 2012

Investment policy and objectives (continued)

Council's investment policy is to maximise the return on investments taking the medium to long-term view with a moderate level of risk. The College does not need to rely on an income stream from the portfolio and therefore the total return approach is adopted. The capital value of the portfolio should be protected in line with the following 2 objectives: On a 5 year rolling basis to be in the top 40% of all funds monitored in the WM unconstrained charity universe, and for the equity element of the portfolio to outperform the FTSE All Share index by at least 1%.

Auditors

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

Plans for future periods

The College will continue to undertake the work as set out above in the objectives and activities section.

The College is celebrating its 50th anniversary in June 2012 and plans are in place to celebrate this milestone. The calendar year 2012 has been designated as National Pathology Year and a series of exhibitions, lectures and events is planned with the theme changing every month. The year builds on the 3 successful National Pathology Weeks that have been run in prior years. We will also develop public engagement work and, subject to funding, run events in order to increase public understanding of the repertoire, development, appropriateness and interpretation of laboratory tests in context, with consideration of quality issues such as timeliness, access and quality assurance of the service by providers.

The national pathology workforce database was launched in late 2007 and work will be undertaken during the coming financial year to encourage as many pathologists to sign up and enter their details so that accurate data can be presented to workforce planners. This database is currently outsourced, but will be migrated back to the College following the successful completion of the website upgrade, and will form an integral part of the main College database.

The College's revalidation task force has made recommendations on the way in which the various components of revalidation will be delivered and implemented when it becomes mandatory in the very near future. The College will need to develop robust standards, tools and processes to maximise benefit and value to pathologists. And we will work with the Academy of Medical Royal Colleges and others to ensure a system to support revalidation is in place, which will include setting up an advisory structure within the College.

We will be undertaking the work to launch and develop the national laboratory medicine catalogue, which will introduce a unified system of coding for laboratory tests, which will facilitate communications between systems for laboratory medicine. Other projects that will be undertaken include the training of medical examiners to support the development of this new role, and e-learning. In addition the College will actively support integrated e-learning resources across all major College specialties to support the learning objectives of the curricula.

The College will be developing and implementing an international strategy which will include proposals for engaging the international members.

The College, via its wholly owned trading subsidiary, has successfully launched RCPATH Consulting to provide an authoritative independent view on the provision of high quality pathology services. During the coming year the College will continue to market this service to potential clients as well as expand the number of suitably qualified advisors on our expert panel.

The Royal College of Pathologists
Report of the Trustees for the year ended 30 June 2012

Plans for future periods (continued)

Having completed a review of College structures and functions Council has agreed to establish a short term governance and implementation working group to produce an implementation plan on the 50 year review, which will include a complete review of and revision to the College's governing documents. This group will also look at the terms of reference for all College committees.

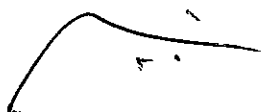
In addition we will be establishing a clinical effectiveness department and implementing changes to the staffing structure resultant from the review, so as to ensure that the College has the organisational capacity to deliver on the agreed programme of work in the forward plan.

The College will develop a strategy to address the challenges of molecular pathology, develop leadership skills for Fellows and Affiliates, and work with the United Kingdom Accreditation Service to improve laboratory accreditation.

The College will ensure that curricula and assessments for healthcare scientists in the pathology disciplines meet the requirements of Modernising Scientific Careers and are prepared by the end of 2012.

The College will be developing a structure and strategy to support research in conjunction with non-Government funding bodies, work to improve funding to improve the academic workforce in research, support the development of research skills and encourage the recognition of pathology input in multi-disciplinary research.

Approved by Council and signed on their behalf by:



Dr Archie Prentice
President
6 September 2012

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

We have audited the financial statements of The Royal College of Pathologists for the year ended 30 June 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, as a body, in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

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

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. This includes an assessment of whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant estimates made by Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

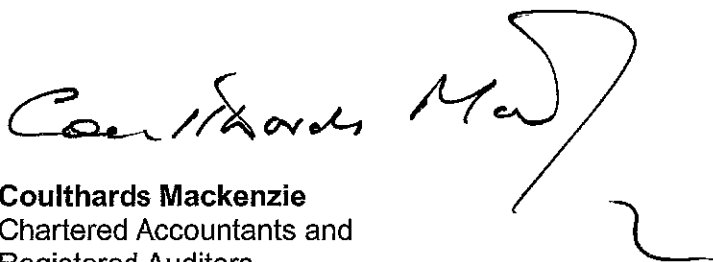
- give a true and fair view of the state of affairs of the College and its subsidiary as at 30 June 2012, and of their incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

A handwritten signature in black ink, appearing to read 'Coulthards Mackenzie', with a large, stylized flourish extending from the end of the signature.

Coulthards Mackenzie
Chartered Accountants and
Registered Auditors

9 Risborough Street
London
SE1 0HF
6 September 2012

The Royal College of Pathologists
Consolidated Statement of Financial Activities for the year ended 30 June 2012

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2012 £	Total 30 June 2011 £
Incoming resources						
Incoming resources from generated funds						
Investment income	3	127,122	-	10,791	137,913	111,937
Donations & legacies	4	16,521	-	-	16,521	41,418
Trading operations		244,177	-	-	244,177	223,885
Other income		29,560	-	-	29,560	18,214
Incoming resources from charitable activities						
Subscriptions		2,309,667	-	-	2,309,667	2,296,579
Postgraduate education & examinations		1,000,782	-	-	1,000,782	923,474
Conferences & academic activities		141,501	-	-	141,501	158,553
Research		-	-	138,401	138,401	164,217
Professional standards		32,497	-	-	32,497	49,451
International development		1,400	-	-	1,400	-
Intercollegiate human nutrition course		-	-	2,000	2,000	24,858
Project income		-	-	103,700	103,700	274,400
Clinical leadership in pathology		-	-	-	-	373,264
Communications & public engagement		9,456	-	-	9,456	19,121
Total incoming resources		3,912,683	-	254,892	4,167,575	4,679,371
Resources expended						
Cost of generating funds						
Fundraising trading: cost of goods sold and other costs		1,033	-	-	1,033	-
Trading operations		230,009	-	-	230,009	192,722
Charitable activities						
Postgraduate education & examinations		1,206,812	-	11,039	1,217,851	1,218,067
Research	21	-	-	329,074	329,074	218,896
Communications & public engagement		638,115	-	1,400	639,515	598,605
Professional standards		399,742	-	14,777	414,519	381,710
Conferences & academic activities		160,780	-	-	160,780	173,799
Education centre		188,721	-	-	188,721	176,942
Advisory committees		274,705	-	-	274,705	266,602
Workforce		268,858	-	-	268,858	249,354
International development		89,107	-	2,921	92,028	-
Intercollegiate human nutrition course		-	-	14,566	14,566	17,544
Clinical leadership in pathology		-	-	278,580	278,580	-
Project expenditure		-	-	202,756	202,756	199,709
Governance costs	5	92,008	-	-	92,008	70,849
Total resources expended	7	3,549,890	-	855,113	4,405,003	3,764,799
Net incoming / (outgoing) resources before transfers						
		362,793	-	(600,221)	(237,428)	914,572
Gross transfers between funds	20	(209,557)	273,977	(64,420)	-	-
Net incoming / (outgoing) resources before other recognised gains and losses						
		153,236	273,977	(664,641)	(237,428)	914,572
(Losses) / Gains on investment assets	13	(95,192)	-	(2,488)	(97,680)	398,461
Net movement in funds						
Total funds brought forward		9,594,445	2,124,795	1,656,855	13,376,095	12,063,062
Total funds carried forward	20	9,652,489	2,398,772	989,726	13,040,987	13,376,095


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

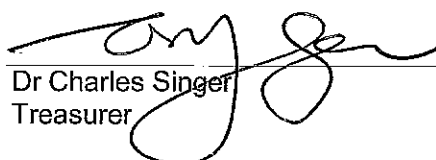
The Royal College of Pathologists
Consolidated Balance Sheet as at 30 June 2012

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2012 £	Total 30 June 2011 £
Tangible fixed assets	12	6,002,698	-	-	6,002,698	6,253,417
Investments	13	1,273,847	2,111,162	144,576	3,529,585	3,056,980
Total fixed assets		<u>7,276,545</u>	<u>2,111,162</u>	<u>144,576</u>	<u>9,532,283</u>	<u>9,310,397</u>
Current assets						
Stocks	14	22,971	-	-	22,971	11,082
Debtors	15	247,652	-	22,617	270,269	237,548
Cash at bank and in hand		3,993,467	287,610	993,526	5,274,603	5,724,621
Total current assets		<u>4,264,090</u>	<u>287,610</u>	<u>1,016,143</u>	<u>5,567,843</u>	<u>5,973,251</u>
Creditors						
Amounts falling due within one year	16	(1,863,146)	-	(141,649)	(2,004,795)	(1,907,553)
Net current assets		<u>2,400,944</u>	<u>287,610</u>	<u>874,494</u>	<u>3,563,048</u>	<u>4,065,698</u>
Total assets less current liabilities		<u>9,677,489</u>	<u>2,398,772</u>	<u>1,019,070</u>	<u>13,095,331</u>	<u>13,376,095</u>
Creditors: Amounts falling due after more than one year	16	-	-	(29,344)	(29,344)	-
Provisions for liabilities and charges	18	(25,000)	-	-	(25,000)	-
Net assets		<u>9,652,489</u>	<u>2,398,772</u>	<u>989,726</u>	<u>13,040,987</u>	<u>13,376,095</u>
The funds of the College:						
Unrestricted funds	22	9,652,489	2,398,772	-	12,051,261	11,719,240
Restricted Funds	22	-	-	989,726	989,726	1,656,855
Total College funds		<u>9,652,489</u>	<u>2,398,772</u>	<u>989,726</u>	<u>13,040,987</u>	<u>13,376,095</u>

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

The financial statements were approved by Council on 6th September 2012 and signed on behalf of Council by


 Dr Archie Prentice
 President



 Dr Charles Singer
 Treasurer

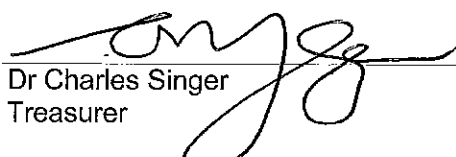
**The Royal College of Pathologists
Balance Sheet as at 30 June 2012**

	Note	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Total 30 June 2012 £	Total 30 June 2011 £
Tangible fixed assets	12	6,002,698	-	-	6,002,698	6,253,417
Investments	13	1,273,947	2,111,162	144,576	3,529,685	3,057,080
Total fixed assets		<u>7,276,645</u>	<u>2,111,162</u>	<u>144,576</u>	<u>9,532,383</u>	<u>9,310,497</u>
Current assets						
Stocks	14	22,971	-	-	22,971	11,082
Debtors	15	234,058	-	22,617	256,675	228,027
Cash at bank and in hand		3,975,295	287,610	993,526	5,256,431	5,711,891
Total current assets		<u>4,232,324</u>	<u>287,610</u>	<u>1,016,143</u>	<u>5,536,077</u>	<u>5,951,000</u>
Creditors						
Amounts falling due within one year	16	(1,831,480)	-	(141,649)	(1,973,129)	(1,885,402)
Net current assets		<u>2,400,844</u>	<u>287,610</u>	<u>874,494</u>	<u>3,562,948</u>	<u>4,065,598</u>
Total assets less current liabilities		<u>9,677,489</u>	<u>2,398,772</u>	<u>1,019,070</u>	<u>13,095,331</u>	<u>13,376,095</u>
Creditors: Amounts falling due after more than one year	16	-	-	(29,344)	(29,344)	-
Provisions for liabilities and charges	18	(25,000)	-	-	(25,000)	-
Net assets		<u>9,652,489</u>	<u>2,398,772</u>	<u>989,726</u>	<u>13,040,987</u>	<u>13,376,095</u>
The funds of the College:						
Unrestricted funds	22	9,652,489	2,398,772	-	12,051,261	11,719,240
Restricted Funds	22	-	-	989,726	989,726	1,656,855
Total College funds		<u>9,652,489</u>	<u>2,398,772</u>	<u>989,726</u>	<u>13,040,987</u>	<u>13,376,095</u>

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

The financial statements were approved by Council on 6th September 2012 and signed on behalf of Council by


Dr Archie Prentice
President


Dr Charles Singer
Treasurer

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

1. Accounting policies

(a) Basis of accounts preparation

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

(b) Consolidated accounts

Consolidated accounts have been prepared for the College and its related undertaking 2 Carlton House Terrace Limited. Details of the relationship is given in note 13. The results are consolidated on a "line by line" basis for the subsidiary undertaking.

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

(c) Incoming resources

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

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

(d) Resources expended

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

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

(e) Tangible fixed assets and depreciation

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

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

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

(f) Stocks

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

(g) Funds accounting

Funds held by the College are:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of Council.

Designated funds - these are funds set aside by Council out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the College. Restrictions arise when specified by the donor or where funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

(h) Research Grants

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

(i) Fixed asset investments

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

(j) Pension scheme

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

(k) Governance costs

Governance costs include the costs associated with the meetings of Council and the Executive committee and the cost of the statutory audit.

2. Trading income and expenditure

2 Carlton House Terrace Limited

The College owns 100% of 2 Carlton House Terrace Limited, whose main activities are to undertake various trading activities of the College. The company undertakes the hiring of rooms and facilities at 2 Carlton House Terrace on behalf of the College. It also licenses the College's standards and minimum datasets for reporting common cancers to third party laboratory information management systems software suppliers. A new area of activity was commenced during the year, the supply of consultancy services under the trading name of RCPATH Consulting. It will donate its taxable profits to the College under gift aid. Trading results extracted from its audited accounts are as follows:

	2012	2011
	£	£
Profit & Loss account		
Turnover	242,351	223,885
Cost of sales and administrative expenses	230,807	195,215
Net profit	11,544	28,670
Payable under gift aid to The Royal College of Pathologists	11,544	28,670
Profit retained in 2 Carlton House Terrace Limited	Nil	Nil
Balance sheet		
	2012	2011
	£	£
Debtors	52,656	33,783
Cash at bank	18,172	12,729
	70,828	46,512
Creditors: amounts falling due within one year	(70,728)	(46,412)
Net assets	100	100
Share capital	100	100
Profit and loss account	-	-
Capital and reserves at 30 June	100	100

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

3. Investment income

	Unrestricted Funds £	Restricted Funds £	2012 £	2011 £
Bank deposit interest	55,521	6,210	61,731	53,031
Income from UK listed investments	59,851	4,581	64,432	47,913
Income from overseas listed investments	11,750	-	11,750	10,993
	<u>127,122</u>	<u>10,791</u>	<u>137,913</u>	<u>111,937</u>

4. Donations & Legacies

	2012 £	2011 £
Legacy income	500	10,000
College members	13,082	9,921
CPA Trust	-	19,039
British Society for Histocompatibility & Immunogenetics	400	400
Other donations	2,539	2,058
	<u>16,521</u>	<u>41,418</u>

5. Governance costs

	2012 £	2011 £
Trustee expenses	69,853	46,099
Staff costs	7,046	6,756
Auditor's remuneration	7,375	7,028
Premises and related costs	4,389	7,622
Costs of meetings	3,345	3,344
	<u>92,008</u>	<u>70,849</u>

6. Staff costs

	2012 £	2011 £
The total cost of salaries and wages were		
Salaries and wages	1,466,313	1,395,366
Social security costs	123,566	113,968
Pension costs	180,311	164,196
Other staff costs	19,234	19,594
	<u>1,789,424</u>	<u>1,693,124</u>

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

Included in the above are costs of £12,127 (2011 - £20,208) relating to agency staff, which are also included in the staff numbers below.

The average number of full time equivalent employees for the year, analysed by activity was	2012 No.	2011 No.
Postgraduate education & examinations	14.0	13.9
Conferences & academic activities	1.5	1.5
Professional standards	5.6	5.2
Advisory committees	2.9	3.1
Communications & public relations	7.9	7.1
Workforce	3.0	3.0
Education centre	3.8	3.6
International activities	0.8	0.2
	<u>39.5</u>	<u>37.6</u>

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

6. Staff costs (continued)

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

	2012 No.	2011 No.
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£100,001 - £110,000	1	1

Contributions were made to a defined benefit pension scheme amounting to £24,538 (2011 - £23,462) in respect of the 2 staff noted above.

7. Total resources expended

	Direct Costs £	Staff Costs £	Support Costs £	Total 2012 £	Total 2011 £
Fundraising trading: costs of goods sold	1,033	-	-	1,033	-
Trading operations	141,204	64,881	23,924	230,009	192,722
Postgraduate education & examinations	327,118	608,237	282,496	1,217,851	1,218,067
International development	20,848	36,782	34,398	92,028	-
Research	329,074	-	-	329,074	218,896
Communications & public engagement	189,526	339,089	110,900	639,515	598,605
Professional standards	47,689	276,191	90,639	414,519	381,710
Conferences & academic activities	41,072	75,793	43,915	160,780	173,799
Education centre	14,162	70,736	103,823	188,721	176,942
Advisory committees	66,703	133,881	74,121	274,705	266,602
Workforce	29,193	176,788	62,877	268,858	249,354
Intercollegiate human nutrition course	14,566	-	-	14,566	17,544
Clinical leadership in pathology	278,580	-	-	278,580	-
Project expenditure	202,756	-	-	202,756	199,709
Governance	80,573	7,046	4,389	92,008	70,849
Total for the year ended 30 June 2012	1,784,097	1,789,424	831,482	4,405,003	3,764,799
Total for the year ended 30 June 2011	1,302,761	1,693,124	768,914	3,764,799	

Included within support costs are the following items:

	2012 £	2011 £
Depreciation	278,499	293,238
Auditor's remuneration - external audit	7,375	7,028
Auditor's remuneration - payroll bureau services	3,659	3,966
Trustee liability indemnity insurance	898	1,684

Travel and subsistence costs incurred amounting to £77,105 (2011 - £65,553) were reimbursed to 30 (2011 - 30) members of Council.

8. Related party transactions

The College's trading subsidiary, 2 Carlton House Terrace Limited, under the trading name of RCPATH Consulting, provides consultancy services where an authoritative independent view is required on the provision of high quality pathology services, advice on the commissioning or tendering of pathology services, advice on the reconfiguring of pathology services or advice as part of an option appraisal process. A panel of suitably qualified advisors has been recruited following an open recruitment process available to all individuals who meet the person specification. The process for recruitment of advisors includes the completion of an application form and a panel interview. Not all applicants are successful. The panel of advisors includes some current or former trustees of the College and the amounts paid to such advisors was as follows:

		2012 £	2011 £
Dr Rachael Liebmann	Trustee	1,750	-
Dr Craig Webster	Trustee	4,550	-
Dr Timothy Wreghitt	Former trustee	1,750	-

Apart from the amounts indicated above, trustees received no remuneration (2011 - £Nil).

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

9. Pensions

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

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

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

* an additional allowance is made for promotional salary increases

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

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

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

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

10. Allocation of costs

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

	Information technology £	Finance £	Secretariat £	Premises £	Total £
Trading operations	2,490	1,608	1,368	18,458	23,924
Postgraduate education & examinations	54,619	35,262	30,012	162,603	282,496
International development	8,354	5,386	4,584	16,074	34,398
Conferences & academic activities	5,585	3,619	3,080	31,631	43,915
Professional standards	25,703	16,579	14,110	34,247	90,639
Advisory committees	12,407	7,995	6,805	46,914	74,121
Communications & public relations	21,502	13,886	11,818	63,694	110,900
Workforce	16,312	10,520	8,953	27,092	62,877
Education centre	10,806	6,976	5,938	80,103	103,823
Governance	-	-	-	4,389	4,389
Total support costs					831,482

The basis of allocation of support costs is as follows:

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

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

10. Allocation of costs (continued)

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

	Directly Attributable £	HR, Payroll & IT £	Finance £	Secretariat £	Premises £	Total £
Trading operations	41,094	6,211	9,934	5,662	1,980	64,881
Postgraduate education & examinations	410,448	51,674	82,990	46,773	16,352	608,237
International development	36,103	194	479	6	-	36,782
Conferences & academic activities	54,488	5,571	8,997	4,992	1,745	75,793
Professional standards	198,412	20,338	32,842	18,228	6,371	276,191
Advisory committees	87,432	12,131	19,439	11,024	3,855	133,881
Communications & public relations	237,930	26,442	42,602	23,797	8,318	339,089
Workforce	134,176	11,155	18,135	9,873	3,449	176,788
Education centre	44,801	6,771	10,832	6,173	2,159	70,736
Governance	6,916	37	92	1	-	7,046
Total salary costs						1,789,424

The basis of allocation of salary costs is as follows:

Information technology costs have been allocated on the basis of the number of computers used by each department.

Finance costs, secretariat costs, premises costs and HR & payroll costs have been allocated on the basis of the headcount.

11. Taxation

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

12. Tangible fixed assets

Group and College	Leasehold Land & Buildings £	Fixtures, Fittings & Equipment £	Total £
Cost			
At 1 July 2011	6,923,219	1,006,388	7,929,607
Additions	-	27,780	27,780
Disposals	-	(45,111)	(45,111)
At 30 June 2012	6,923,219	989,057	7,912,276
Depreciation			
At 1 July 2011	976,563	699,627	1,676,190
Provided in year	101,936	176,563	278,499
Disposals	-	(45,111)	(45,111)
At 30 June 2012	1,078,499	831,079	1,909,578
Net book value At 30 June 2012	5,844,720	157,978	6,002,698
Net book value At 30 June 2011	5,946,656	306,761	6,253,417

Heritage assets

In addition to the capitalised fixed assets held for the Charity's own use, the College also has a number of assets on trust for retention in perpetuity as a permanent record of the College's history. These comprise a unique collection of paintings depicting the College's 15 Presidents since its founding in 1962, together with many other artefacts whose intrinsic value is also bound up with the College's history. These are irreplaceable originals to which no reliable cost or value can be attributed and accordingly these assets have not been capitalised in the financial statements.

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

13. Analysis of movement of investments

	Group		College	
	2012 £	2011 £	2012 £	2011 £
Market value at 1 July 2011	3,056,980	2,489,943	3,057,080	2,490,043
Additions at cost	1,084,911	745,766	1,084,911	745,766
Disposals at market value	(514,626)	(577,190)	(514,626)	(577,190)
Net gain / (loss) on revaluation	(97,680)	398,461	(97,680)	398,461
Market value at 30 June 2012	3,529,585	3,056,980	3,529,685	3,057,080
Historical cost at 30 June 2012	2,778,903	2,301,549	2,779,003	2,301,649
Investments at market value comprised:				
UK listed fixed interest securities	552,373	327,945	552,373	327,945
UK listed equity shares	874,624	877,917	874,624	877,917
UK listed investment trusts and unit trusts	1,667,610	1,447,782	1,667,610	1,477,782
Overseas listed fixed interest securities	160,843	122,417	160,843	122,417
Overseas listed investment trusts and unit trusts	274,135	280,919	274,135	280,919
Unlisted investments	-	-	100	100
Market value as at 30 June 2012	3,529,585	3,056,980	3,529,685	3,087,080

Investments in individual entities which are over 5% of the value of the portfolio are:

	2012 £	2011 £
Cazenove Absolute Total Return Fund for Charities	232,824	219,671
UK Government 4.125% Index Linked 22/07/2030	206,558	-

Unlisted investments at cost comprise:

	2012 £	2011 £
2 Carlton House Terrace Limited - 100 ordinary shares of £1 each	100	100
	100	100

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

14. Stocks

Group and College	2012 £	2011 £
Memorabilia for resale	12,643	5,671
Wines	10,328	5,411
	22,971	11,082

15. Debtors

	Group		College	
	2012 £	2011 £	2012 £	2011 £
Prepayments	65,095	50,940	65,095	50,940
Other debtors	205,174	186,608	152,517	152,824
Amounts due from subsidiary undertaking	-	-	39,063	24,263
	270,269	237,548	256,675	228,027

The Royal College of Pathologists
Notes to the Financial Statements as at 30 June 2012

16. Creditors

	Group		College	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year				
Deferred income (note 17)	1,457,147	1,450,260	1,457,147	1,450,260
Trade Creditors	165,070	84,384	134,922	63,133
Other creditors	210,890	108,132	210,890	108,132
Taxation and social security	38,976	38,720	38,976	38,720
Accruals	132,712	226,057	131,194	225,157
	<u>2,004,795</u>	<u>1,907,553</u>	<u>1,973,129</u>	<u>1,885,402</u>
Amounts falling due after more than one year				
Other creditors	<u>29,344</u>	<u>-</u>	<u>29,344</u>	<u>-</u>

17. Deferred income

Group and College	2012	2011
	£	£
Balance at 1 July 2011	1,450,260	1,343,451
Amount released to incoming resources	(1,450,260)	(1,343,451)
Amount deferred in the year	<u>1,457,147</u>	<u>1,450,260</u>
Balance as at 30 June 2012	<u>1,457,147</u>	<u>1,450,260</u>

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

18. Provisions for liabilities and charges

Group and College	2012	2011
	£	£
Commitments outstanding at the start of the year	-	97,500
New commitments charged to the SOFA during the year	25,000	-
Released to creditors falling due within one year	-	(97,500)
Amount of commitments at 30 June 2012	<u>25,000</u>	<u>-</u>
Timing of commitments		
Commitments payable after one year	<u>25,000</u>	<u>-</u>
Amount of commitments at 30 June 2012	<u>25,000</u>	<u>-</u>

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

19. Contingent commitments

The College has a 100% interest in the capital value of the lease of 2 Carlton House Terrace. Up until 30th November 2003 the College's interest was 82% with the remaining 18% interest held by Cancer Research UK. However, as the lease is still in the joint names of the College and Cancer Research UK, albeit with Cancer Research UK having no beneficial interest in the premises, they could still legally be asked by the freeholder to settle liabilities accruing as part of the lease. This is inequitable and accordingly the College has given Cancer Research UK a deed of indemnity against any costs which they might incur in the future in relation to Carlton House Terrace.

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20. Total Funds Group and College	Balance at 1 July 2011 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	Balance at 30 June 2012 £
<i>Restricted funds</i>						
Research Pool Fund	233,633	141,825	(329,074)	-	-	46,384
Oliver Memorial Fund	76,225	2,280	(500)	-	2,153	80,158
Intercollegiate Group on Nutrition Fund	25,948	2,323	(14,566)	-	-	13,705
Bhagwan Singh Fund	35,938	1,294	-	-	(1,116)	36,116
Flynn Lecture Fund	34,785	539	-	-	(3,443)	31,881
Kohn Memorial Fund	29,592	876	(500)	-	(82)	29,886
Developmental Pathology Fund	16,316	205	(400)	-	-	16,121
National Laboratory Medicine Catalogue Fund	145,792	111,564	(14,249)	(9,634)	-	233,473
Medical Examiner Training Fund	137,897	390	(34,888)	-	-	103,399
Revalidation Fund	88,585	-	(14,777)	(21,829)	-	51,979
E-learning Fund	288,770	(270,000)	(868)	(17,902)	-	-
CPA Trust Fund	19,039	43	-	(6,765)	-	12,317
Medical Devices Fund	25,000	-	-	-	-	25,000
Death Certification Project Fund	118,892	150,526	(152,751)	-	-	116,667
Clinical Leadership in Pathology Fund	373,264	-	(278,580)	-	-	94,684
IHLFS Fund	-	3,000	(2,921)	(79)	-	-
Collaborative Project Fund	5,000	10,000	-	-	-	15,000
HSST Curricula Project	-	100,000	(11,039)	(8,211)	-	80,750
Furness Prize Fund	2,179	27	-	-	-	2,206
	1,656,855	254,892	(855,113)	(64,420)	(2,488)	989,726
<i>Unrestricted Funds</i>						
Designated Leasehold Replacement Fund	1,786,161	-	-	325,001	-	2,111,162
Designated National Pathology Workforce Database Fund	22,009	-	-	(10,009)	-	12,000
Designated International Fund	63,625	-	-	-	-	63,625
Designated Mace Restoration Fund	3,000	-	-	(3,000)	-	-
Designated Public Engagement Fund	250,000	-	-	(38,015)	-	211,985
General unrestricted fund	9,594,445	3,912,683	(3,549,890)	(209,557)	(95,192)	9,652,489
Total Funds	13,376,095	4,167,575	(4,405,003)	-	(97,680)	13,040,987

An explanation as to the nature of the restricted and designated funds is given in note 21 to these accounts.

21. Restricted and designated funds

The Research Pool Fund was established in 1995 to promote research in pathology. Projects included here are (i) £146,725 (2011 - £58,688) for the Senior Clinician Scientist Fellowship programme funded by the Health Foundation, held by Dr Gareth Thomas at the University of Southampton; (ii) £113,948 (2011 - £72,280) for the Baxter Healthcare fellowship in Haemostasis and Thrombosis held by Dr Tina Biss at Newcastle University, and Dr Sarah Mangles at Imperial College, funded by Baxter BioScience (UK); (iii) £68,401 (2011 - £104,217) for the Jean Shanks Foundation Fellowship held by Dr Daniel Royston at the University of Oxford. There are no support costs associated with this activity.

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

The Intercollegiate Group on Nutrition Fund was established in 1998 to develop materials for the postgraduate course in human nutrition.

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

The Flynn Lecture Fund was established in 1998 to fund an annual lecture in clinical biochemistry. The 2012 lecture was given by Denis O'Reilly at the May meeting of the Association for Clinical Biochemistry.

The Kohn Memorial Fund was established in 1987 to fund an annual lecture mainly in clinical biochemistry. The 2011 lecture was given by Wolfgang Bruck at the November meeting of the British Society of Toxicological Pathologists.

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21. Restricted and designated funds (continued)

The Developmental Pathology Fund was established in July 2004 as a gift from the Developmental Pathology Society to fund an occasional named "Emery" lecture in paediatric pathology. The 2012 lecture was given by Caroline Blackwell at the Development Pathology conference in June.

The National Laboratory Medicine Catalogue Fund was established to facilitate the creation of a national laboratory medicine catalogue, which will introduce a unified system of coding for laboratory tests, that will facilitate communications between systems for laboratory medicine. It is supported by grant in aid from the Department of Health (England). The transfer represents expenditure made from the general fund during the year.

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

The Revalidation Fund was established to undertake various projects in relation to aspects of revalidation. The transfer represents expenditure made from the general fund during the year.

The E-learning Fund was established to fund the provision of electronic learning for pathology trainees, and was supported by grant in aid from the Department of Health (England).

The CPA Trust Fund was established on the winding up of the CPA Trust Limited. Its remaining assets were gifted to the College to operate, organise and promote education and/or training into all areas of quality and efficiency in medical laboratories, with particular reference to pathology laboratories and to provide funding for pilot external quality assurance schemes which are designed to promote and develop efficiency, quality and standards in medical laboratories. The transfer represents expenditure made from the general fund during the year.

The Medical Devices Fund was established to fund the provision of electronic learning for pathology trainees, and was supported by grant in aid from the Department of Health (England).

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

The Clinical Leadership in Pathology Fund was established by grant in aid funding from the Department of Health (England) to fund the roll out of the pathology clinical leadership programme aimed at senior pathology staff in operational management positions.

The IHFLS Fund was established to fund a project to develop an understanding and picture of the size of the pathology workforce and the state of laboratory medicine services in West Africa.

The Collaborative Project Fund was established to fund training in service improvement and patient safety.

The HSST Curricula Project was established by a grant from the Department of Health to fund the production of curricula for healthcare scientists in 10 pathology disciplines. The transfer represents expenditure made from the general fund during the year.

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

The designated leasehold replacement fund represents security against the declining value of the lease. The intention is to build up the value of this fund over time to provide for the future cost of renewing the lease on the premises. During the year £325,001 was transferred into this fund from unrestricted funds.

The designated National Pathology Workforce Database Fund was established to fund the setting up and running costs for the first few years of the pathology workforce statistical database. The transfer of £10,009 to unrestricted funds represents a proportion of the costs of running the project during the year.

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

The designated public engagement fund was established to fund 2 projects (i) the salary of a project manager together with other costs for the pathology public engagement programme, and (ii) the College's costs for national pathology year 2012. The transfer of £38,015 to general unrestricted funds represents the amounts spent on those projects during the year.

The designated mace restoration fund was established for the repair and restoration of the College's ceremonial mace. The work was completed during the financial year and the transfer represents expenditure made out of the general fund.

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Notes to the Financial Statements as at 30 June 2012

22. Analysis of net assets between funds

Group and College	Tangible fixed assets £	Investments £	Net current assets £	Total £
<i>Restricted Funds</i>				
Research Pool Fund	-	-	46,384	46,384
Oliver Memorial Fund	-	73,853	6,305	80,158
Intercollegiate Group on Nutrition Fund	-	-	13,705	13,705
Bhagwan Singh Fund	-	27,034	9,082	36,116
Flynn Lecture Fund	-	23,537	8,344	31,881
Kohn Memorial Fund	-	20,152	9,734	29,886
Developmental Pathology Fund	-	-	16,121	16,121
National Laboratory Medicine Catalogue Fund	-	-	233,473	233,473
Medical Examiner Training Fund	-	-	103,399	103,399
Revalidation Fund	-	-	51,979	51,979
CPA Trust Fund	-	-	12,317	12,317
Medical Devices Fund	-	-	25,000	25,000
Death Certification Project Fund	-	-	116,667	116,667
Clinical Leadership in Pathology Fund	-	-	94,684	94,684
HSST Curricula Project	-	-	80,750	80,750
Collaborative project fund	-	-	15,000	15,000
Furness Prize Fund	-	-	2,206	2,206
	-	144,576	845,150	989,726
<i>Unrestricted Funds</i>				
Designated Leasehold Replacement Fund	-	2,111,162	-	2,111,162
Designated National Pathology Workforce Database Fund	-	-	12,000	12,000
Designated International Fund	-	-	63,625	63,625
Designated Public Engagement Fund	-	-	211,985	211,985
General Unrestricted Fund	6,002,698	1,273,847	2,375,944	9,652,489
	6,002,698	3,529,585	3,508,704	13,040,987