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Royal College of Paediatrics and Child Health

Report and financial statements
for the year ended 31 August 2020

Published December 2020



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Foreword

Although every year brings its own challenges and opportunities; the unexpected events of this year compelled the College to adjust our expectations and deliver new areas of activity to ensure the best outcomes for the health of children and young people.

We continued to support our members alongside delivering our wider charitable mission in a challenging and uncertain external environment. Working alongside stakeholders such as the Department of Health and the NHS across all four Nations we continued to play a key role in shaping health advice and policy for children and young people.

The work of the College during the first peak of COVID-19 was exceptional and often to incredibly short deadlines. Staff and clinicians supported our members with regular updates on exams and answering trainees' queries and concerns. We provided regular communications to our members to ensure they were provided with up to date guidance and standards to support them and our research summaries kept them abreast of the very latest data and evidence. Our survey of paediatric services allowed us to focus our support and know more about the impacts being felt by our members during that time.

Global efforts to reduce transmission of COVID-19 through social distancing and 'lockdowns' had a significant impact on examinations and events, two major income sources for the College. The impact has resulted in a deficit in the accounts being presented. Whilst this has been a difficult time for the College, with careful financial planning over the last three years the College ensured reserves were built to a suitable level to withstand such a challenge. The Board of Trustees are conscious that the reserves will need to be replenished and our budget for the coming year aims to achieve this together with investment in technology to reduce the financial impact of potential future restrictions.

We hope that you enjoy this new format for our Trustees' Annual Report and Financial Statements, and that it provides a clear narrative to show the impact the College has had. We have also published a [COVID-19 Impact Report](#), which shares more of our achievements during the pandemic and we are planning our 2020 Annual Review for publication in Spring 2021 where we will share more of the visual story behind all that we have accomplished.

Through the following pages the Trustees present their report and the audited financial statements for the year ended 31st August 2020.

Reference and administrative information set out on page 21 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Mary Marsh
Chair of Trustees

Liz Marder
Treasurer

Achievements and performance

Summary

2019-20 has proved a challenging year for the College and the impacts of the COVID-19 global pandemic impacted almost every way in which we expected to carry out our activity over the past twelve months. Our determination to continue to make a difference to the lives of our members and the children and young people we reach through them led us to persevere through the challenges. We have ended the year on a stable foundation to continue to adapt and to achieve our mission to provide a healthier future for children and young people across the world.

Our members have continued to be at the heart of everything that we do, and this year we wanted to take on board feedback and launch a new membership magazine. Milestones launched in November 2019 and its' focus is firmly on the experiences of our members across the UK and internationally, with their stories and reflections ensuring an engaging read.

In March 2020, we launched our new State of Child Health report and microsite, providing the latest data from our 2017 indicators, alongside evidence for new indicators, including: looked after children, mental health, youth violence, young carers and the child health workforce. The voices of over 2,000 children and young people were at the centre of our report, with some of these young people then speaking directly to policy makers about what makes them feel “healthy, happy and well” by attending the launch events in each of the UK’s legislatures.

A transition away from face-to-face meetings necessitated a great deal of change in many of our usual activities, but we have continued to adapt to each of these new challenges at pace and under extraordinary pressure. Our Education and Training division is committed to ensuring that the impact of the pandemic on career progression is minimised, and we expect to deliver virtual theory and clinical exams by the winter of 2020. Our Annual Conference was transformed into a suite of online seminars and workshops, complete with a virtual ePosters platform, and our Annual General Meeting was held virtually, allowing members around the world to hear from our Trustees and Senior Officers.

The widening of health inequalities amongst children continues to be a very real threat and the work of the College is in ever greater demand. Throughout the latter half of the year, the College faced significant ongoing uncertainty but through strong governance, financial controls and operational resilience, we were able to minimise the negative impacts of the pandemic and achieve many of our original objectives alongside delivery of new and vital work.

Impact

In order to achieve the RCPCH’s strategic vision and charitable goals, as set out in its Royal Charter and Strategy, the College delivered its strategic goals under the following broad themes. An assessment of how well we achieved our objectives and the targets set follows. Using the quarterly 'Red, Amber, Green' progress reporting to Trustees, senior staff have reflected on the overall level of challenge faced in the year across each strategic theme, which is illustrated using the following key:



Low difficulty





Medium difficulty










High difficulty




Very high difficulty

Strategic theme	Level of challenge
<p>Better membership support and experience</p> <p>As a membership body, it is critical that we provide a high-quality service to all our members. We sought to increase engagement across all categories of membership by improving member content and communications, finalising our membership fee structure, and further supporting our trainees. We planned to measure success by an increase in the Unique Participation and Engagement (UPE) score but with the cancellation of many face-to-face activities due to COVID-19, our UPE score is 15.2% compared to 18.2% for 2018-19. To ensure we do not lose the virtual engagement now frequently taking place across the College, we are currently in the process of developing an alternative calculation to include online engagement.</p>	 Medium difficulty
<p>Greater reach into the nations and UK regions</p> <p>The RCPCH runs a variety of training courses across the UK but to broaden our reach, we aimed to deliver 30% of all courses outside London, and for 80% of delegate respondents to report that the course has positively changed their working practice. Although social distancing restrictions meant that many of our planned summer courses were unable to run, 25% of the 32 courses we did run in the year were delivered regionally. For all our courses, an 80% response rate for a positive change to their working practice was achieved.</p>	 Medium difficulty

Strategic theme	Level of challenge
<p>Improving standards and quality</p> <p>Improving the quality of our training and examinations processes has been a priority for the year, although the impact of COVID-19 has meant that the General Medical Council has requested a delay for all submissions, moving our September submission to Spring 2021 at the earliest. Our Psychometric and Question Board teams have also supported the development and research processes necessary to ensure that online assessments used were robust and fit for purpose. Budgetary restraints impacted our ability to improve the application process for Medical Training Initiative (MTI) doctors but our team have finalised a process for 6 monthly reviews to ensure proactive resolution of concerns, and held the first virtual symposium to support MTI doctors in applications.</p>	 <p>High difficulty</p>
<p>Focus of workforce need</p> <p>Given the increasing strain on the paediatric workforce, the College worked to address both recruitment and retention by strategic investment in a recruitment campaign. As a result, we exceeded our target with an incredible 97.2% of ST1 paediatric roles filled in 2019-2020. The overall fill rate for ST1-ST4 was 94.5%, compared to 86.9% in 2018-19.</p>	 <p>Medium difficulty</p>
<p>A wide-ranging evidence-based research programme</p> <p>The College continued to carry out a wide range of research and evidence programmes and audits to inform the development of policy, service delivery, clinical standards, patient information and quality improvement initiatives to improve child health and support the paediatric workforce. The three national clinical audits were all extended for two years and we grew quality improvement (QI) initiatives through the development of a QI Central portal, which was updated in October 2020. We also established a trainee network to support the development of members' research skills, receiving 23 applications and planning is now underway for a virtual academic training day.</p>	 <p>Low difficulty</p>
<p>Greater focus on income generation</p> <p>The cancellation of face-to-face events impacted our performance on increasing income from sources other than membership, training and examinations - including from grants, trusts, publications, and events. We also did not see the growth in fundraising income that we had hoped for and as a result only 17.8% of our 2019-20 income came from other sources, compared to 21% for 2018-19. Reducing the reliance on income from members is a long-term ambition for the College and work is continuing to explore new income streams including licensing and intellectual property.</p>	 <p>High difficulty</p>


Strategic theme	Level of challenge
<p>Digital transformation</p> <p>New digital technologies allowed the College to deliver better services for members and more efficient working for staff, and COVID-19 made this work more crucial than ever. As part of this digital transformation programme, the College delivered a new digital microsite platform and used it to successfully launch microsities for State of Child Health, QI Central and an ePosters platform. The College has invested in new technology to ensure that clinical and theory examinations are restored in the new financial year: we have undertaken a review of our online training for members with a plan to overhaul in the next financial year: and our internal infrastructure was enhanced pre-lockdown so when the College closed in March all staff had the ability to work remotely.</p>	 <p>Low difficulty</p>
<p>CYP voice to inform and engage in our work</p> <p>The involvement of children and young people (CYP) is important in all work undertaken by the College. In 2019-20 the CYP Engagement team delivered a new CYP strategy and grew engagement in College events, projects and consultations to 2,827 new children and young people compared to 2,218 in 2018-19. The voice of children was often lost at a national level during the pandemic, but the College developed a suite of products to ensure that their views were known to our members and to national policy makers as healthcare needs changed.</p>	 <p>Low difficulty</p>
<p>Sustaining the college through good operational, financial and governance control</p> <p>As a result of COVID-19 the year-end position is a deficit of £0.7m. Although this is a significant improvement from our March forecast, the College's general fund reserves will be £0.4m, below our minimum reserves target of £0.5m. Whilst this is challenging, the College has a strong balance sheet and cashflow to move through this period. The 2020-2021 budget has a surplus of £0.8m, to enable the College to restore reserves in one year. However, there are significant risks related to what activity we can run and how this activity will be able to generate income to support College activity.</p>	 <p>High difficulty</p>

Strategic theme	Level of challenge
<p>Growing our influence and impact</p> <p>The College continued to grow its influence on the delivery of child health services. In 2019-2020, we saw demonstrable improvement in child mortality and quality of care resulting from RCPCH's global work in low income countries, with programme data showing positive impact on mortality and quality of care indicators across programmes and paediatric mortality in government hospitals in Sierra Leone averaging about 9.0% (2019-20) compared with c.15.6% (2016-17).</p> <p>Since its launch on 4 March 2020, our State of Child Health report has been informing advocacy work across the four nations and was used to inform the College's submission to the Children's Rights Alliance observations of the United Nations Convention on the Rights of the Child in UK Government. The Paediatrics 2040 initiative launched its first report in June, supported by an engaging live Q&A with members, with further consultation planned for Autumn 2020. Growth of political engagement with members is on hold as our public affairs function and approach will be refreshed for late 2020 but we continue to see significant impact and reach in our social media. COVID-19 saw the College respond at pace in its influencing with over 15 guidance papers for paediatric services, advice for parents and carers, and high-profile advocacy including over 2,500 paediatricians signing an open letter to encourage schools to reopen.</p>	 <p>Low difficulty</p>
<p>Embedding a good staff culture</p> <p>Supporting, developing and embedding a good staff culture was critical to delivering our organisational strategy and in July 2020 we launched a consultation on How We Pay which focuses on a revised pay framework and job evaluation scheme for the College. Staff engagement was achieved through all-staff focus groups and consultation with UNITE and the newly formed Employee Forum. The impact of COVID-19 on staff has been significant, with a move to home-based working for all staff from March to September and 41 members of staff furloughed for at least three weeks due to a reduction in workload. Support for staff during this time has been a College priority, achieved by a move to virtual all staff meetings, regular sharing of wellbeing advice, tailored support for line managers and regular signposting to mental health services available to employees.</p>	 <p>Low difficulty</p>

Strategic theme	Level of challenge
<p>Sustaining business as usual</p> <p>The College continued to deliver its core services to a high standard, and extend its reach where doing so advances its charitable objects. These services include examinations, assessments, recruitment, member services, campaigning, policy development, and research work and almost all of these areas of College activity were impacted by COVID-19.</p> <p>A number of our theory and clinical exam events due to be held globally did not go ahead due to the COVID-19 outbreak, globally reducing the number of individual exam sittings to 5,316 compared to 7,172 in 2018-19. Given the uncertainty around COVID-19, work is continuing apace for online theory and clinical exams and the College is aiming to deliver online examinations by Winter 2020.</p> <p>Reassuringly, despite these challenging times, our membership has continued to grow and our membership now stands at 19,855 - a growth of 6.5% in year, compared to 18,641 in 2018-19.</p>	 <p>High difficulty</p>


Volunteers

The College is reliant on a considerable number of volunteers, estimated to be over 2900, to achieve its objectives and we are incredibly grateful and indebted to the many individuals who serve in many capacities. This includes the children, young people, parents and carers that form our RCPCH&Us network, the many clinicians that sit on our over seventy committees and those members that act as UK and overseas examiners, tutors, regional advisers or assessors.



"Before I felt alone & isolated. The RCPCH &Us network bought me into this family, this community which has & will continue to share & have a special place in my heart as I move through life."

Thines, &Us founding member

#VoiceMatters


These volunteers provide many hours' work towards achieving the charitable objects of the College without remuneration, providing feedback, professional advice and expertise - either clinical or health service related.

Fundraising

Fundraising at the College remains a crucial step in ensuring a diverse income portfolio and during the year £0.51m of fundraising income was achieved.

A significant proportion of the fundraising income was the result of legacy gifts left from members of the College, the most significant of which shows in the accounts for this year as a £0.5m gift, donated to enable work focused on Palestinian child health. Further legacy gifts for wider College activity and mental health focused work were also received during the year. Ensuring clear signposting and a clear supporter journey for future pledges of legacy income will be a future fundraising priority.

To support trust and foundation fundraising, the Grants and Partnerships team completed a scoping exercise, created a database of relevant contacts and launched the Child Health Futures initiative, with fundraising streams for children and young person activities, research, education and training, health policy and global child health.

In all fundraising activity, the College abides by all relevant regulation and codes and no fundraising complaints were received throughout the year. The College does not undertake direct fundraising from the public or through any third party organisations.

Although the fundraising target for the year was not met, with the fundraising infrastructure now in place, the College has a real opportunity to build on its fundraising capabilities in the 2020-21 financial year. The challenging fundraising environment brought about by the COVID-19 pandemic will add complexity to this work, but establishing a Development Board to strengthen individual giving and major donor fundraising will help increase the diversity of the College's income.

Principal risks and uncertainties

The Board of Trustees has agreed processes by which it reviews, identifies, and assesses major risks, ensuring that controls are put in place where necessary to mitigate those risks. This area of work has been a particular area of focus for the Board since it was first constituted in November 2016. The Board delegates elements of work on risk to the Audit, Finance and Risk Committee, to the Executive Committee, and to the Senior Management Team. Building on the progress described in recent years' reports about managing risk, and taking into account best practice in the sector, a strategic and operational risk register are maintained by the organisation, complemented by additional registers for extensive projects or emerging issues, such as COVID-19.

The major risks included in the strategic and operational risk registers across the course of the year to 31 August 2020 cover the paediatric workforce, impact of COVID-19, Brexit, cybersecurity and the visibility of child health. Further detail on these major risks to the College and mitigation that we have put in place to reduce those risks are as follows:

Risks	Mitigation
<p>That the percentage of posts taken at the entry point to paediatric training (the 'ST1 fill rate'), and subsequent retention of paediatricians in training, are not sufficient to ensure future workforce demands are met. This could lead to insufficient qualified and competent child health professionals to deliver high-quality child health services in the UK.</p>	<p>A major campaign promoting careers in paediatrics took place in the 2019-20 year, and will continue in 2020-21. Much of our business as usual activity is focused on the area of workforce, including but not limited to our work through the workforce census, specialty and sub specialty curricula and Continuing Professional Development (CPD) activity.</p>
<p>The potential financial impacts of the COVID-19 pandemic, both on individual activities (such as exams and conferences) and on the College's agreed Reserves Policy and the effects of the COVID-19 pandemic on the workload and wellbeing of College members, volunteers, and staff.</p>	<p>Regular governance oversight, active engagement with the health departments in the UK nations and other relevant bodies to emphasis wellbeing of the workforce. A separate risk register allowed for closer oversight of the many specific short-term risks during the pandemic. Close monitoring of budget and reduction of costs where possible. Development of business recovery plan.</p>
<p>The potential adverse consequences of the UK leaving the European Union - for child health provision across the College's operations in the four Nations - especially in the case of a 'no-deal Brexit'.</p>	<p>Regular oversight of the developments at Executive Committee and Board of Trustees in addition to a cross-College Brexit Response Group. Close working with the Academy of Medical Royal Colleges and liaising with European colleagues as needed. Detailed analysis of impact and mitigations by policy team and lobbying of all national Governments.</p>
<p>Cybersecurity. Despite the College's robust and detailed processes in this area, the threats are always evolving, and the College needs to plan accordingly.</p>	<p>In March 2019, the College received its Cyber Essentials Plus certification, recognising its work in achieving a high level of cybersecurity; this certification was renewed in 2020.</p>
<p>That child health will not be seen as a sufficiently important priority by those responsible for setting UK health policy.</p>	<p>Working with, informing and influencing government and Arm's Length Bodies (ALBs). Ongoing policy and communications activity about the work of the College to ensure the importance of Child Health is highlighted and delivery of Paediatrics 2040.</p>

In addition to these risk management measures, a training course on risk is offered to all staff. Risk management is flagged to new trustees during their induction process as one of their major responsibilities. The staff leads for the risk management process are the CEO, the Director of Corporate Services, and the Head of Governance. The Board has adopted, and periodically reviews, a formal Risk Policy setting out responsibilities in this area.

The operational risk register is maintained by the Head of Governance and reviewed monthly by the Senior Management Team (SMT). It consists of risks that have arisen in the course of the College's everyday work that are of significance for the organisation. Each risk is assigned an SMT owner, who is responsible for implementing appropriate mitigation for the risk. The operational risk register is included in regular reports from the CEO to the Executive Committee and the Board of Trustees, at which it is scrutinised. The risk register of strategic risks contains the risks that present a longer-term (and often an external) challenge to the College's continuing ability to fulfil its charitable objectives. This is maintained by the CEO and the Head of Governance, and is considered regularly by the Audit, Finance and Risk Committee and the Board of Trustees.

Plans for Future Periods

The College strategy for 2018-2021 spans infants, children and young people, paediatricians and child health. It seeks real impact across education and training, our members, service planning and delivery, and improved practice in child health and wellbeing. Last year, the College took the additional step in identifying strategic themes for the year with objectives to measure success, supported by annual divisional operational plans.

In looking to 2020-21, we developed a business recovery plan as our operational strategy to return to business as usual after the initial impact of the COVID-19 pandemic and ensure we can continue our vital work to support global child health priorities and the paediatricians who deliver this work. The College referred to the advice contained in the Charity Commission's guidance on public benefit when reviewing and planning its future activities and identified the key strategic areas to support the College in resetting priorities, restoring business as usual and recovering sustainably.

Resetting our priorities does not mean a revolutionary reset of how the College will achieve its mission; rather reflecting on how we can work most effectively in a year with reduced capacity. It is more crucial than ever that the College focuses efforts where we can make the most difference, and bring the unique skills and experience of our staff to bear in the way that makes the greatest impact. During COVID-19 our usual College activities have seen a great deal of change. Whilst we must continue to take a flexible approach to ensure we can react to new challenges as they arise, it is also important that we find a way to restore our key areas of activity like examinations and training.

Recovering sustainably means finding a balance between preparing for future challenges and delivering in-year activity. The College will always work towards a healthier future for children and young people across the world, but to make this mission a reality we must have longevity as an organisation. We will also ensure this by addressing external challenges on the horizon such as climate change.

Objectives for 2020-21

Our priorities for the next year will continue our mission for a healthier future for children and young people across the world. We will achieve this through a focus on the following strategic areas:

- **Member representation and support** - engaging and supporting the full breadth of our membership including across all four Nations and our international members.
- **Retention and wellbeing** - building on our careers work for paediatrics by looking at how skilled, passionate individuals can be retained within the profession.
- **Improving standards and quality** - continuing to push for better standards and quality through evidence based approaches.
- **Workforce need** - continuing to focus on the needs of the paediatric workforce.
- **Enabling progression of the future paediatric workforce** - ensuring our clinical and theory examinations, both within the UK and internationally, START and recruitment can continue to support the paediatricians of future.
- **Influence and impact** - building on the influential role of the College during COVID-19 across stakeholders to continue to ensure the best outcomes for children and young people and further establish our wide-ranging evidence-based research programme.
- **CYP voice** - continuing to use the voice of children and young people to inform and engage our work and push for others to do the same.
- **Utilising digital technologies to support face to face delivery** - continuing to provide a place for paediatric learning, support and networking, but increasingly looking to virtual technologies in addition to our face-to-face events.
- **Rebuilding reserves** - protecting the future of the College by rebuilding reserves and diversifying ways in which income is generated.
- **COVID-secure return** - supporting our staff through ensuring our COVID-secure ways of working reflect the values of the College whilst ensuring there is fluidity in the College culture as workload and ways of working continue to evolve and adapt to changing conditions.
- **Organisational culture** - continuing to embed the staff culture of 'One College' through the delivery of the People Strategy.
- **Operational safeguarding** - protecting the College through good operational, financial and governance control.

2021 will bring a new President and Chair of Trustees, and their input and direction in the development of our next three-year strategy will be vital. With a view to developing consistent measures of impact, we have also identified the following Key Performance Indicators (KPIs) that we will look to report over multiple years to improve how we track the work of the College:

1. Number of members worldwide taking our examinations.
2. Number of members.
3. Our Unique Personal Engagement score, including online engagement.
4. The number of people that attend our online and face-to-face educational training courses.
5. The percentage of overall College income (across all funds) that comes from sources other than membership, exams and training fees.
6. Our staff engagement score, as measured through our all-staff surveys.

Over the next twelve months we will also look to develop robust KPIs to monitor improvements for attrition and retention of paediatricians, and measure our influence and impact across policy and external affairs.

Financial review

The Statement of Financial Activities for the year is set out on page 29 of the financial statements.

The impact of COVID-19 has led to a reduction of income across both general and restricted funds of £2.6m and a yearend deficit of £0.2m. The majority of this income fall was within the general fund, £2.7m, but swift and decisive action to safeguard our future meant that the financial impact was heavily mitigated through significant cost savings and appropriate financial support from the Government through the furlough scheme. The overall impact on the College's general fund reserves was a reduction of £0.7m.

Ensuring that our reserves are rebuilt and the College is protected from any future financial risks is our priority for 2020-21 and membership subscriptions, representing 35% of income in 2019-20 will provide a solid foundation for this. The impacts of COVID-19, however, are not over and there remains uncertainty in how government legislation around travel, Brexit implications and social distancing will change over the coming months and how this will impact our examinations and events; two significant income streams for the College. Given the uncertainty and risk in the next financial year, a key mitigation is our clear plan to monitor progress, allowing us to identify areas for concern early and take steps to reduce any negative impacts. Our business recovery plan, KPIs and internal reporting processes provide the tools to ensure the College not only survives but thrives in the next twelve months.

Financial overview

The year to 31 August 2020 has been significantly affected by the national response to the COVID-19 pandemic and this is apparent in many of the year on year comparisons shown in this review.

The overall net movement in funds was a decrease of £0.2m (2018-19 £1m decrease) which comprises a decrease in general and designated funds of £0.7m and an increase in restricted funds (funds received and used for a specific purpose) of £0.5m.

The College's total income was £15.3m (2018-19 £17.9m) of which £2.9m (2018-19 £2.8m) has restrictions as to its use. For example, a grant given for a project can only be used for the purposes of the project. This restricted income is separately identified and unspent restricted income at the end of the financial year is referred to as restricted funds. Unspent restricted funds at the end of the project are returned to the funder.

Income decreased by 15% during the financial year and was £2.6m lower than the previous financial year.

Membership subscriptions totalled £5.4m in 2019-20 (2018-19 £5.5m). This decrease of £0.1m was the result of a realignment of our fee structure and set against the background of an increase in membership of 6.5% (from 18,641 to 19,855). Assessment income fell by £1.8m or 36% from £5m to £3.2m, as this activity has been severely restricted as a result of lockdowns and people being unable to travel; other education income decreased by 25% to £1.3m (2018-19 £1.8m) as a result of not being able to provide face-to-face training courses.

Development income, which includes that for Events and Publications was 28% lower at £0.9m (2018-19 £1.3m). Events income for 2019-20 is £0.1m, an 83% decrease on the same figure for 2018-19 with the decline primarily related to the inability to hold Annual Conference this year and the impact of COVID-19 related restrictions on other planned events. Publications income totals £0.9m (2018-19 £0.9m) and includes £0.7m (2018-19 £0.8m) in respect of the surplus due to the College from the joint venture to publish Archives of Disease in Childhood. Most members receive this important and respected College publication as part of their membership. Full access to the Archives of Disease in Childhood website is given without charge to anyone with access to the internet living in lower-income countries (as defined by HINARI).

Publications income also includes £100k (2018-19 £102k) given to the College by the College's associated undertaking RCPCH Publications Limited, which is equally owned by the College and the Neonatal Paediatric Pharmacists Group (NPPG). RCPCH Publications Limited is one of three parties to a joint venture to produce the British National Formulary for Children (BNFC). The aim of BNFC is to assist those who prescribe, dispense or administer medicines for children. BNFC is unusual in that it covers the off-label use of medicines and also lists unlicensed medicines necessary for the treatment of children.

Note 13 details performance of the College's wholly-owned subsidiary undertaking, British Paediatric Services Limited (BPSL), the net profit of which is donated to the College as a gift aid payment each year. Income for the company is £0.25m, £0.25m less than last year. Of the surplus of £191k, £100k was transferred to the College during the year and the balance will be transferred in 2020-21.

International income has decreased by £0.2m (15%) to £1.1m. The RCPCH Global team are currently working with partners, DFID, UNICEF, WHO and the Jersey Overseas Aid Commission in Myanmar, Rwanda and Sierra Leone.

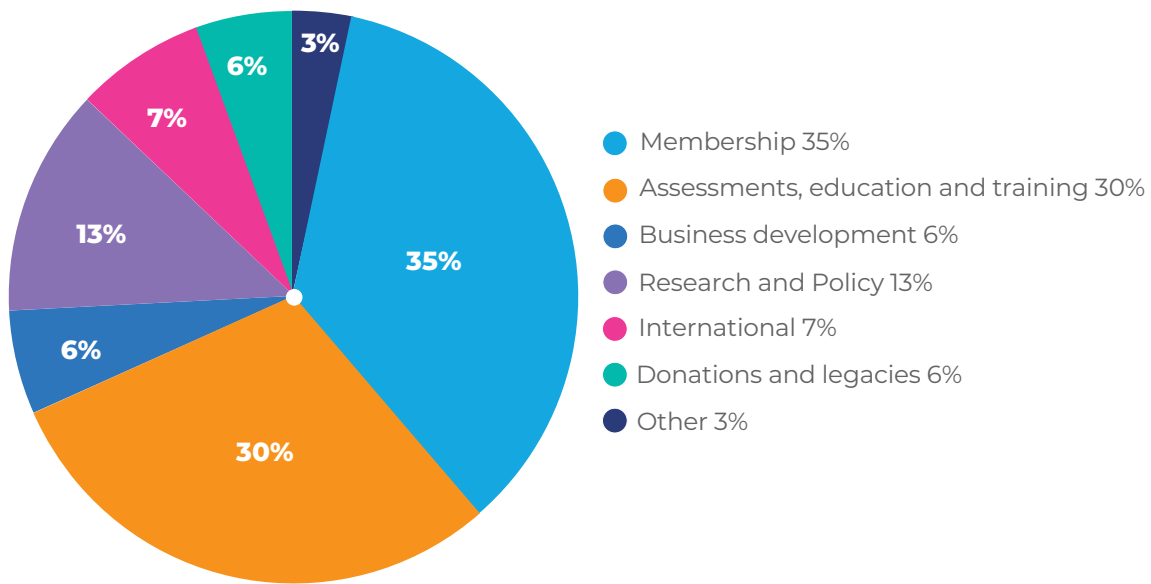
Restricted income received during the year was £2.9m, an increase of £0.1m on 2018-19. Further information on restricted funds is provided in note 21a on page 44.

Designated income increased to £0.9m, an increase of £0.3m on last year. The designated

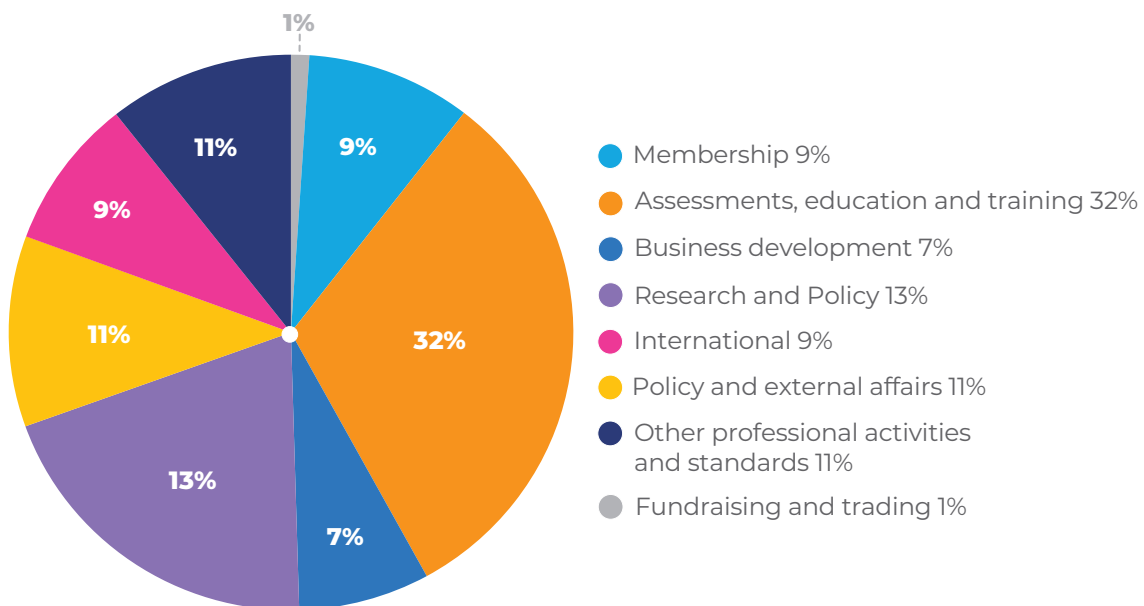
fund balance at 31 August 2020 is £17.5m, as the freehold property the College owns sits within this fund. More detail of activity within the fund is contained within note 21a on page 21.

Total expenditure has decreased by £1.1m from £16.7m to £15.6m. This reduction is because the College undertook a cost-cutting exercise to reduce all non-salary expenditure in response to the pandemic and the reduction in income. During the year the College used the Coronavirus Job Retention Scheme to recover £150k of salary costs for furloughed staff.

This year's financial performance resulted the College's General Funds Reserve falling to £341k, from £1m in 2018-19. Designated funds have remained constant at £17.5m.



Pie chart summarising income sources for 2019-20 – full detail in the SOFA on page 29.



Pie chart summarising expenditure areas for 2019-20 – full detail on note 4 on pages 36-37.

Investment policy and objectives

In 2019 the College placed £1m into an investment portfolio managed by Aberdeen Standard Capital. The College has determined its own Environmental, Social and Governance (ESG) investment profile that defines those areas in which funds can be invested; seeking to preserve and grow the portfolio's value over time with a targeted total return of CPI +3% per annum measured over a five-year rolling time-frame.

In addition to this, £3.1m has been placed in an Aberdeen Liquidity Fund, a 24-hour call, interest bearing deposit that is treated as cash in these accounts.

Premises

The College's freehold premises at 5-11 Theobalds Road were acquired on 15 January 2008 and provide approximately 23k square feet of flexible space. The purchase price was £17.4m. At the same time the College took out a £4m mortgage loan with the Royal Bank of Scotland plc to fund the purchase. Costs associated with the purchase of the premises, fitting it out to the College's specification and irrecoverable VAT resulted in a total cost of £19.1m. A valuation of the premises carried out by Knight Frank in 2019 set the fair value at £16.8m and the related impairment was reflected in last year's accounts.

At year-end the College's offices in Belfast, Cardiff and Edinburgh continue to be rented, however it is intended to replace these with a remote working solution as individual lease agreements expire.

Reserves policy

The General Funds represent the 'free' funds of the College which are not designated for particular purposes or restricted in any way; they are essentially the College's reserves. Such funds need to be held as reserves to permit a responsible reaction to uncertainties.

The College's Reserves Policy has a target for the reserve balance to sit within the range £0.5m to £1m and the current balance is £341k. Designated funds at year end are £17.5m. Details of all designated funds together with the anticipated timing of this expenditure can be found in note 21a to the accounts. Restricted funds are £2.4m, an increase of £0.4m over last year. Details of this work can be found in note 21a to the accounts.

Donations disclosure

In the financial year 2019-20 the College has received the following donations in support of its activities. These donations provided support for future work on Palestinian child health, training courses on recognising neuromuscular disorders in children, an eLearning module, a podcast series to support health care professionals teaching children to swallow tablet medicine and a research project on indoor air quality.

Hussein and Margaret El Shamy Estate	£500,000
PTC Therapeutics	£30,360
e-Integrity	£13,571
Dyson Foundation	£20,210

14 donations, each no more than £5,000, in support of other activities totaled £32,391.97.

Pay Transparency and Equality

In 2020 the College initiated a review of how it pays staff, noting that the existing pay framework was dated and confusing. The revised pay framework affords full transparency and improved consistency across teams. Salaries will be benchmarked using external data to ensure pay and reward is commensurate and enables the College to attract and retain the skills it requires to progress its strategy. This work reinforces the College's reputation as an employer of choice. It also provides a solid platform to manage costs effectively which is essential to the longer-term sustainability of the College.

Objects and activities

Purposes and aims

The primary purposes for which the College is established are its objects. These are stated in its Royal Charter and are as follows:

- to advance the art and science of paediatrics;
- to raise the standard of medical care provided to children;
- to educate and examine those concerned with the health of children;
- to advance the education of the public (and in particular medical practitioners) in child health which means the protection of children, the prevention of illness and disease in children and safeguarding their optimal development.

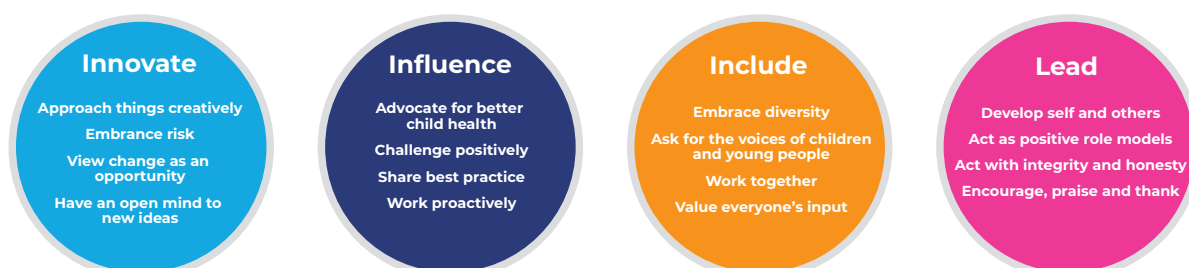
The College therefore aims to promote high quality, effective and efficient health services for children and young people, their parents and other carers, delivered by appropriately trained and experienced doctors. The College seeks to ensure that there is an evidence base for such services' effectiveness and efficiency and it works with all health carers of children to improve the overall physical, mental and emotional health of children and young people in the UK and elsewhere.

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance Public benefit: running a charity (PB2).

Vision, Mission and Values

Our vision is **"To transform child health through knowledge, innovation and expertise"**

This will be achieved through our mission for a healthier future for children and young people across the world and our College values of innovating, influencing, including and leading.



Structure, Governance and Management

The RCPCH was established under a Royal Charter, which established the objects and powers of the charitable company. The charity is governed by this Charter and by Bye-Laws; revisions to these are subject to approval from the Privy Council and an RCPCH General Meeting. The current version of these documents took effect from 1 November 2016, when a new 12-member Board of Trustees was established.

The Trustees delegate day-to-day management of the charity to the CEO, and through the CEO to other staff. In 2019, the Board of Trustees agreed a new scheme of delegations formalising the level of decisions delegated to the CEO, to other staff, and to senior committees. The senior committees of the College are as follows:

Board of Trustees

- Chaired by Dame Mary Marsh
- President, Registrar, Treasurer
- 4 Member trustees
- 3 external trustees, appointed to address skills gaps
- Beneficiary representative

Council

- Chaired by the President
- Representative body of the membership responsible for setting strategy

Executive Committee

- Chaired by the President
- Responsible for delivering strategy
- Senior officers
- SMT

Audit, Finance and Risk Committee

- Chaired by the Treasurer

Appointments Panel

- Chaired by the Chair of Trustees
- Responsible for the appointment of new trustees

The College also has two subsidiary undertakings: British Paediatric Services Ltd (100% owned) and RCPCH Publications Ltd (50% owned). The results of these subsidiaries are consolidated in the group financial statements. Further details are given below under 'Subsidiary Undertakings'.

All Trustees give their time voluntarily and receive no benefits from the charity for their work as Trustees. Any expenses reclaimed from the charity by Trustees are set out in note 6 to the accounts. Trustees are permitted by the Royal Charter to receive remuneration from the RCPCH for non-trustee work for the College. Any instances of this are noted at meetings of the Board of Trustees and are also set out in note 6 to the accounts.

Appointment, induction and training of Trustees

Under the governing documents, two of the trustee posts (President and Registrar) are appointed via election by eligible College members. All other Trustee posts are filled by appointment against selection criteria. The Appointments Panel (a subcommittee of the Board of Trustees) is responsible for undertaking this process and ensuring that it complies with relevant regulatory advice and best practice within the charity sector.

Trustee induction and training

All Trustees receive an induction upon appointment and in addition to information relevant to their specific post, this includes:

- An overview of the legal duties of charity trustees, as set out in the Charity Commission's document *The Essential Trustee (CC3)*.
- The RCPCH's governing and management structures, and its strategy and workplan.
- The RCPCH's approach to risk, financial management, and safeguarding.
- Meetings with the CEO and other senior staff.

Reference and administrative information

For the year ended 31 August 2019

Charity number: 1057744
Charity number: SC038299

Countries of registration: England & Wales, Scotland
Registered office and operational address: 5-11 Theobalds Road, London, WC1X 8SH

Trustees:

Dame Mary Marsh	Chair
Professor Russell Viner	President
Dr Mike Linney	Registrar
Dr Elizabeth Marder	Treasurer
Dr Carol Roberts	Member Trustee
Dr David Vickers	Member Trustee
Dr John Williams	Member Trustee
Dr John Jenkins CBE	Member Trustee until 31 March 2020
Dr Bhanu Williams	Member Trustee from 1 April 2020
Ms Gillian Budd	External Trustee
Mr Mark Devlin	External Trustee
Mr Anthony Dunnett CBE	External Trustee
Mr Jon Foster	Beneficiary Trustee until 7 October 2019
Ms Adrija Bhattacharyya	Beneficiary Trustee from 8 October 2019

Senior Management:

Jo Revill	Chief Executive Officer
Emily Arkell	Director of Research & QI (from 15 April 2019)
Louise Frayne	Director of People
David Howley	Director of Corporate Services
Jonathan Miall	Director of Membership and Business Development
Robert Okunnu	Director of Policy & External Affairs
Daniel Waeland	Director of Education & Training (from 15 June 2020)
Natasha Neill	Chief of Staff (from 2 January 2020)

Julia O'Sullivan	Director of Education & Training (until 16 March 2020)
Jacqueline Fitzgerald	Director of Research and QI (until 19 October 2019)

Bankers: Royal Bank of Scotland plc, LONDON. WC1V 6PQ

Solicitors: Hempsons, 40 Villiers Street, LONDON, WC2N 6NJ

Auditor: Sayer Vincent LLP, Chartered Accountants and Statutory Auditor
Invicta House, 108-114 Golden Lane LONDON EC1Y 0TL

Statement of Trustees' Responsibilities

The trustees (who are also directors of Royal College of Paediatrics and Child Health for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 8 December 2020 and signed on their behalf by

Dame Mary Marsh, Chair of Trustees



Independent auditor's report For the year ended 31 August 2020

Opinion

We have audited the financial statements of Royal College of Paediatrics and Child Health (the 'parent charity') for the year ended 31 August 2020 which comprise the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group and parent charity's affairs as at 31 August 2020 and of the group's incoming resources and application of resources, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Charities Act 2011 and of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)
- Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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
- Sufficient and proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters,

the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the parent charity's trustees as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, section 144 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 parent 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 parent charity and the parent charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

28 January 2021

Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006



Gabriel

Great White

Salt Shark

Bull Shark



Royal College of Paediatrics and Child Health
Consolidated statement of financial activities (incorporating an income and expenditure account)
For the year ended 31 August 2020

	Note	Unrestricted £'000	Restricted £'000	Endowment £'000	2020 Total £'000	Unrestricted £'000	Restricted £'000	Endowment £'000	2019 Total £'000
Income from:									
Donations and legacies		7	503	-	510	6	7	-	13
Charitable activities									
Membership		5,416	-	-	5,416	5,505	-	-	5,505
Assessment		3,241	-	-	3,241	4,996	-	-	4,996
Business Development		898	-	-	898	1,252	-	-	1,252
Education & Training		1,161	146	-	1,307	1,491	262	-	1,753
Research & Policy		760	1,216	-	1,976	443	1,284	-	1,727
Policy and External Affairs		28	-	-	28	26	-	-	26
International		137	971	-	1,108	139	1,175	-	1,314
Other trading activities		228	26	-	254	467	37	-	504
Investments		49	-	-	49	39	-	-	39
Other		529	34	-	563	747	27	-	774
Total income		12,455	2,895	-	15,350	15,111	2,792	-	17,903
Expenditure on raising funds									
Fundraising trading	4	150	12	-	162	331	-	-	331
Charitable activities									
Membership	4	1,476	-	-	1,476	1,382	-	-	1,382
Assessment	4	2,073	-	-	2,073	3,164	-	-	3,164
Business Development	4	1,126	46	-	1,172	1,179	43	-	1,222
Education & Training	4	2,636	213	-	2,850	2,395	65	-	2,460
Research & Policy	4	1,837	1,281	-	3,118	2,086	1,305	-	3,391
Policy and External Affairs	4	1,736	-	-	1,736	1,508	13	-	1,521
International	4	451	915	-	1,366	490	1,190	-	1,680
Other professional activities and standards.									
	4	1,630	30	-	1,660	1,495	39	-	1,534
Total expenditure		13,117	2,497	-	15,613	14,031	2,654	-	16,685
Net income / (expenditure) before net gains / (losses) on investments		(662)	398	-	(263)	1,080	138	-	1,218
Unrealised gains / (losses) on investments	12	32	-	-	32	45	-	-	45
Net income / (expenditure) for the year	5	(630)	398	-	(231)	1,125	138	-	1,263
Transfers between funds		(56)	56	-	-	(46)	46	-	-
Net income / (expenditure) before other recognised gains and losses		(686)	454	-	(231)	1,079	184	-	1,263
Gains / (losses) on revaluation of fixed assets		-	-	-	-	(2,278)	-	-	(2,278)
Other gains / (losses)		-	-	-	-	-	-	-	-
Net movement in funds		(686)	454	-	(232)	(1,199)	184	-	(1,015)
Reconciliation of funds:									
Total funds brought forward		18,557	1,972	15	20,544	19,756	1,788	15	21,559
Total funds carried forward		17,871	2,426	15	20,312	18,557	1,972	15	20,544

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

Royal College of Paediatrics and Child Health
Consolidated statement of cash flows
For the year ended 31 August 2020

	Note	2020 £'000	£'000	2019 £'000	£'000
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		(232)		1,263	
Depreciation charges		447		167	
(Gains)/losses on investments		(32)		(45)	
Dividends and interest from investments		(49)		(39)	
Mortgage interest payable		27		27	
(Increase)/decrease in stocks		5		(7)	
(Increase) in debtors		134		(11)	
(Decrease)/Increase in creditors		(432)		436	
Net cash provided by operating activities			(132)		1,791
Cash flows from investing activities:					
Dividends and interest from investments		49		39	
Mortgage interest paid		(26)		(31)	
Purchase of tangible fixed assets		(175)		(106)	
Purchase of intangible fixed assets		(158)		(286)	
Purchase of investments		(394)		(1,000)	
Disposals of Investments		358			
Gain or loss of Investments		17			
Net cash (used in) investing activities			(329)		(1,384)
Cash flows from financing activities:					
Repayments of borrowing		(142)		(137)	
Net cash (used in) financing activities			(142)		(137)
Change in cash and cash equivalents in the year			(603)		270
Cash and cash equivalents at the beginning of the year		6,832		6,562	
Cash and cash equivalents at the end of the year		6,229		6,832	
		At 1 September 2019 £	Cash flows £	Other non- cash changes £	At 31 August 2020 £
Cash at bank and in hand		6,832	(603)	-	6,229
a Total cash and cash equivalents		6,832	(603)	-	6,229
Loans falling due within one year		174	-	2	176
Loans falling due after more than one year		1,865	(142)	-	1,723
Total		4,793	(461)	(2)	4,330

Royal College of Paediatrics and Child Health
Balance sheet
For the year ended 31 August 2020

	Note	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fixed assets:					
Tangible assets	10	16,897	17,081	16,897	17,081
Intangible assets	11	518	448	518	448
Investments	12	1,097	1,048	1,097	1,048
		18,513	18,577	18,513	18,577
Current assets:					
Stock		15	20	-	-
Debtors	15	2,585	2,719	2,603	2,653
Cash at bank and in hand		6,229	6,832	6,092	6,710
		8,829	9,571	8,695	9,363
Liabilities:					
Creditors: amounts falling due within one year	16	(5,307)	(5,739)	(5,263)	(5,704)
Net current assets / (liabilities)		3,522	3,832	3,432	3,659
Total assets less current liabilities		22,035	22,409	21,944	22,236
Creditors: amounts falling due after one year		(1,723)	(1,865)	(1,723)	(1,865)
Net assets		20,312	20,544	20,221	20,371
Funds:	21a				
Restricted and endowment funds		2,441	1,986	2,410	1,981
Unrestricted income funds:					
Designated funds		17,493	17,565	17,493	16,122
General funds		378	993	318	2,268
Total unrestricted funds		17,871	18,558	17,811	18,390
Total funds		20,312	20,544	20,221	20,371

Approved by the trustees on 08 December 2020 and signed on their behalf by

Dame Mary Marsh
 Chair of Trustees

Dr Liz Marder
 Treasurer

Royal College of Paediatrics and Child Health

Notes to the financial statements

For the year ended 31 August 2020

1 Accounting policies

a) Statutory information

Royal College of Paediatrics and Child Health is an unincorporated charity registered with the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

The registered office address is 5-11 Theobalds Road, LONDON, WC1X 8SH.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)- (Charities SORP FRS 102). The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

These financial statements consolidate the results of the charity and its wholly-owned subsidiary British Paediatrics Services Limited (BPSL). The results are consolidated on a "line-by-line basis" for a subsidiary undertaking (BPSL) and on a "one-line basis" (of net results or share of net assets) for an associated undertaking (RCPCH Publications). Transactions and balances between the charity and its undertakings have been eliminated from the consolidated financial statements as appropriate. Balances between the entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees have considered the on-going impact and uncertainties of the pandemic. Recognising the College's strong cash position at the start of the year, they have set a budget that results in a significant surplus with the intention of restoring the reserves consumed in the previous year. They have reviewed the uncertainties implicit in this budget, in particular to Membership Income, Examinations Income and Conference Income, undertaken contingency planning should remote working solutions for conferences and other educational events be required and restructured the management accounting in the College to focus upon the risks identified. As such they continue to hold the view that there are no material uncertainties around going concern over the next twelve months

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The trustees have reviewed the carrying value of the property for impairment in light of Covid 19 and its possible effects on property values and have sought professional advice on the matter. Based on this advice, the trustees are comfortable that the carrying value of the property does not exceed its fair value and therefore no impairment is required.

Royal College of Paediatrics and Child Health
Notes to the financial statements
For the year ended 31 August 2020

1 Accounting policies (continued)

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Members' subscriptions are due on 1 January each year for existing members and on date of admission for new members; income is accounted for on an accruals basis over the calendar year to which they relate.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Endowment funds are monies which have been given to the College in trust with the restriction that they are held as capital with the income generated from them to be used for specific awards.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Fundraising trading relates to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising and trading purpose
- Expenditure on charitable activities includes the costs of delivering services for its members and the profession undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Royal College of Paediatrics and Child Health

Notes to the financial statements

For the year ended 31 August 2020

1 Accounting policies (continued)

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of contracts provided by each activity. Support and governance costs are allocated on the basis of head count and transactional value:

● Membership	11%
● Assessment	14%
● Business Development	5%
● Education and Training	14%
● Research & Quality Improvement	14%
● Policy & External Affairs	16%
● International	5%
● Other professional activities	22%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £3,500 with the exception of computer hardware, for which the limit is £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Fixtures	5 years
● Office equipment	10 years
● IT hardware	3 years
● Intangibles – Database & Software	5–7 years
● Website	7 years
● Building	50 years

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost.

Royal College of Paediatrics and Child Health
Notes to the financial statements
For the year ended 31 August 2020

1 Accounting policies (continued)

o) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

p) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

q) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

r) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The college operates a Statutory Compliance Scheme which contributes a defined amount to individual employees' pension schemes and the pension charge represents the amounts payable by the College.

2 Income from investments

	2020	2019
	Total	Total
	£'000	£'000
Interest on Bank Deposits	27	28
	<u>27</u>	<u>28</u>

All income from investments is unrestricted.

3 Grants

	Balance at 1 September 2019 £'000	Received in year £'000	Balance at 31 August 2020 £'000	Income £'000
Group and College				
Government & government agencies	87	1,528	184	1,431
Other grants	70	680	46	704
	<u>156</u>	<u>2,208</u>	<u>230</u>	<u>2,134</u>

Income from grants is included in restricted funds incoming resources as follows:

	2020	2019
	Total	Total
	£'000	£'000
Children & Young People	29	13
Education & training	122	252
Research & Policy	1,079	1,119
International	904	1,077
Total income from grants	<u>2,134</u>	<u>2,461</u>

Royal College of Paediatrics and Child Health
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For the year ended 31 August 2020

4a Analysis of expenditure (current year)

	Charitable activities											2020 Total £'000	2019 Total £'000
	Fundraising trading £'000	Membership £'000	Assessment £'000	Business development £'000	Education & Training £'000	Research & Quality Improvement £'000	Policy & External Affairs £'000	International £'000	Other professional activities £'000	Governance costs £'000	Support costs £'000		
Staff costs	-	372	807	666	1,871	1,973	1,231	374	1,276	-	-	8,569	7,869
Other direct costs	162	832	911	373	621	731	112	860	(190)	27	-	4,441	6,325
<i>Other allocated costs:</i>													
Premises & Facilities	-	-	-	-	-	-	-	-	-	-	577	577	798
Information and technology	-	-	-	-	-	-	-	-	-	-	1208	1,208	1,130
Finance	-	-	-	-	-	-	-	-	-	-	265	265	211
Corporate services	-	-	-	-	-	-	-	-	-	-	497	497	353
	162	1,204	1,718	1,039	2,492	2,705	1,343	1,233	1,086	27	2547	15,557	16,686
Support costs	-	273	355	133	357	357	393	131	547	-	(2,547)	-	-
Governance costs	-	-	-	-	-	-	-	-	27	(27)	-	-	-
Total expenditure 2020	162	1,476	2,073	1,172	2,850	3,062	1,736	1,365	1,661	-	-	15,557	16,686

*This includes Corporate Services, HR and CEO divisions

Royal College of Paediatrics and Child Health
Notes to the financial statements
For the year ended 31 August 2020

4b Analysis of expenditure (prior year)

	Charitable activities										2019 Total £'000	
	Fundraising trading £'000	Membership £'000	Assessment £'000	Business development £'000	Education & Training £'000	Research & Quality Improvement £'000	Policy & External Affairs £'000	International £'000	Other professional activities £'000	Governance costs £'000		Support costs £'000
Staff costs	-	337	1,124	616	1,419	1,887	1,050	339	1,097	-	0	7,869
Other direct costs	331	738	1,624	452	625	1,066	226	1,189	44	31	0	6,325
<i>Other allocated costs:</i>												
Premises & Facilities	-	-	-	-	-	-	-	-	-	-	798	798
Information and technology	-	-	-	-	-	-	-	-	-	-	1130	1,130
Finance	-	-	-	-	-	-	-	-	-	-	211	211
Corporate services	-	-	-	-	-	-	-	-	-	-	353	353
	331	1,075	2,747	1,068	2,044	2,954	1,276	1,528	1,141	31	2492	16,686
Support costs	-	307	417	154	417	437	245	152	363	-	-2492	-
Governance costs	-	-	-	-	-	-	-	-	31	(31)	0	-
Total expenditure 2019	331	1,382	3,164	1,222	2,461	3,391	1,521	1,680	1,535	-	0	16,686

Royal College of Paediatrics and Child Health

Notes to the financial statements

For the year ended 31 August 2020

5 Net income / (expenditure) for the year

This is stated after charging:

	2020 £'000	2019 £'000
Depreciation/Amortisation	447	167
Revaluation of fixed asset	-	2,278
Loss or profit on disposal of fixed assets	-	-
Interest payable	27	27
Operating lease rentals:		
Property	71	80
Other	180	202
Auditor's remuneration (excluding VAT):		
Audit	18	18
Other services	3	1
Foreign exchange gains or losses	-	-
	<u>447</u>	<u>2,663</u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £'000	2019 £'000
Salaries and wages	7,038	6,600
Social security costs	771	710
Employer's contribution to defined contribution pension schemes	569	543
Redundancy and termination costs	191	16
	<u>8,569</u>	<u>7,869</u>

The redundancy and termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2020 No.	2019 No.
£60,000 – £69,999	5	6
£70,000 – £79,999	1	-
£80,000 – £89,999	4	3
£90,000 – £99,999	-	-
£100,000 – £109,999	-	-
£110,000 – £119,999	-	1
£12	1	-
	<u>11</u>	<u>10</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £716,000 (2019: £658,000). No trustee received any remuneration as part of this figure.

No (2019: one) trustees received payment (2019: £150) in relation to work carried out under the Invited Review programme. No other trustees either received or waived any emoluments during the year (2019: none).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £8,802 (2019: £13,040) incurred by 7 (2019: 10) members relating to attendance at meetings of the trustees.

The relevant staff costs have been included in the costs of generating voluntary income and in costs of charitable activities. The gender split in the College workforce is 70% female 30% male and all roles are evaluated and paid in accordance with the College pay scales irrespective of gender.

7 Staff numbers

The average number of employees during the year was 184 (2019: 176) on a head count basis and 148 (2018: 140) on a full time equivalent basis.

Staff are split across the activities of the charity as follows (head count basis):

	2020 No.	2019 No.
Membership	5.3	4.8
Examinations	13.8	23.2
Business Development	10.5	11.0
Education & Training	39.8	29.1
Research & QI	36.7	35.0
Policy and Eveternal Affairs	23.9	22.8
International	5.9	5.1
Support	48.3	44.7
	<u>184.0</u>	<u>175.7</u>

Royal College of Paediatrics and Child Health

Notes to the financial statements

For the year ended 31 August 2020

8 Related party transactions

Jo Revill, CEO of RCPCH, is a Trustee of Science Media Centre (SMC).

In 2019/2020, the College made a donation of £2,500 to the Science Media Centre.

Professor Russell Viner, President of RCPCH and a Trustee of the College, is an employee of University of London (UCL) and has an honorary academic contract with Public Health England (PHE). Additionally from April 2020 Russell Viner appointed as a Non-Executive Director for Great Ormond Street Hospital.

In 2019/2020, the College received the following from UCL:

- £144 in relation to CPD Approval Fees
- £2,002 which was a reimbursement of funds to Russell Viner in relation to travel for a speaker for the Adolescent Health Conference 2019
- £12,500 in relation to the annual grant contribution to the work of BPSU

The College received the following from UCL – Institute of Child Health;

- £252 in relation to CPD Approval Fees
- £2,500 in relation to a BPSU Surveillance study
- £12,500 in relation to the annual grant contribution to the work of BPSU

As at 31/08/2020, College owes UCL – Institute of Child Health £36 refund in relation to an overpayment of a CPD Approval Fee Sales Invoice.

In 2019/2020, the College received the following from PHE:

- £25,000 in relation to the annual grant contribution to the work of BPSU
- £35,000 in relation to three BPSU Surveillance studies

As at 31/08/2020, £15,000 remains outstanding and owed to College in relation to a BPSU

The College received the following from GOSH – Great Ormond Street Hospital ;

- £180 was received in relation to CPD Approval Fees
- £1,000 was received in relation to delegate registrations fees for a course

British Paediatric Services Limited incurred the following transactions from GOSH – Great Ormond Street;

- £23,520 was received in relation to MTI sponsorship fees
- £8,400 remains outstanding in relation to MTI sponsorship fees (though £1,680 from this amount has been paid post year-end)
- £1,080 was refunded to GOSH – the original invoice was related to Exhibition Stand for AC 2020 which was cancelled, hence the refund.

Dr Elizabeth Marder, the Treasurer and a Trustee of the College, is an employee of Nottingham University Hospitals NHS NHS Trust and, also a trustee of the Down Syndrome Medical Interest Group (DSMIG).

In 2019/2020, the College received £22,759 from Nottingham University Hospitals NHS Trust in relation to 2018/2019 and 2019/2020 participation in the National CYP Diabetes Quality Programme.

Furthermore £4,608 was received in BPSL from DSMIG, in relation to meeting room and equipment hire, and refreshments.

Dr David Vickers, a Member Trustee of the College, is also Governor and Trustee of British Association for Community Child Health (BACCH).

In 2019/2020, the College made a payment of £40 to BACCH in relation to BACCH Conference Dinner. The College received £120,752 from BACCH in relation to the service level agreement for the provision of office services.

At 31/08/2020, £21,508 remains outstanding and owed to College in relation to June–August 2020 salary recharge.

Furthermore, £648 was received in BPSL from BACCH in relation to refreshments and catering for meetings.

Dr John Jenkins, a Member Trustee of the College, is also a Fellow of the Royal College of Physicians of Ireland (RCPI).

As at 31/08/2020, RCPI owe BPSL £1,296 which remains outstanding; this is in relation to license to access PCO UK.

Dr Bhanu Williams, a Member Trustee of the College, is employed by London North West University Healthcare NHS Trust (LNWH NHS Trust) and is also a Member of British Paediatric Allergy Infection and Immunity Group (BPAIIG).

In 2019/2020, £161 was received in BPSL from BPAIIG in relation to refreshments and catering for a meeting held at 5–11 Theobalds Road building.

As at 31/08/2020, a Sales invoice for £15 in relation to registration for a study day remains outstanding with LNWH NHS Trust.

Furthermore, LNWH NHS Trust owe BPSL £1,680 which remains outstanding; this is in relation to MTI sponsorship fee.

Anthony Dunnett, an Independent Trustee of the College, is a Non-Executive Member of the Foreign, Commonwealth & Development Office's (FCDO) Audit and Risk Assurance Committee.

In 2019/20 the College received funding amounting to £312,267 from FCDO or Agencies working in conjunction with it, in relation to projects carried out in Sierra Leone.

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary British Paediatrics Services Limited distributes all available profits to the parent charity. Their charge to corporation tax in the year was:

	2020 £'000	2019 £'000
UK corporation tax at 19%	-	-

Royal College of Paediatrics and Child Health
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For the year ended 31 August 2020

10 Tangible fixed assets

The group and college

Cost or valuation	Fixtures, office equipment, and IT hardware £'000	Freehold property £'000	Total £'000
At the start of the year	1,263	16,799	18,062
Additions in year	175	-	175
Disposals in year	(190)	-	(190)
At the end of the year	1,249	16,799	18,048
Depreciation			
At the start of the year	982	-	982
Charge for the year	123	236	359
Loss on impairment	-	-	-
Eliminated on disposal	(190)	-	(190)
At the end of the year	915	236	1,151
Net book value			
At the end of the year	334	16,563	16,897
At the start of the year	282	16,799	17,081

Land with a value of £5,000,000 (2019: £5,000,000) is included within freehold property and not depreciated.

Any properties held at valuation were last valued on 23rd August 2019 by Knight Frank.

The trustees have reviewed the carrying value of the property for impairment in light of Covid 19 and its possible effects on property values and have sought professional advice on the matter. Based on this advice, the trustees are comfortable that the carrying value of the property does not exceed its fair value and therefore no impairment is required.

All of the above assets are used for charitable purposes.

Fixtures, office equipment and IT includes silverware and regalia and similar donated assets which have been valued for insurance purposes and for these accounts at a value of £49,555 (2019 – £49,555). The valuation was performed in July 2013 by Thomas G Roswell (Rupert Toovey & Co Ltd, trading as Toovey's).

Royal College of Paediatrics and Child Health
Notes to the financial statements
For the year ended 31 August 2020

11 Intangible fixed assets**The group and college**

Cost	IT Software £'000	Total £'000
At the start of the year	727	727
Additions in year	158	158
Disposals in year	-	-
At the end of the year	885	885
Depreciation		
At the start of the year	279	279
Charge for the year	88	88
Eliminated on disposal	-	-
At the end of the year	367	367
Net book value		
At the end of the year	518	518
At the start of the year	448	448

12b Listed investments

	The group and charity	
	2020	2019
	£'000	£'000
Fair value at the start of the year	1,024	-
Additions at cost	394	1,000
Disposal proceeds	(358)	-
Net gain / (loss) on change in fair value	17	24
	1,077	1,024
Cash held by investment broker pending reinvestment	21	24
Fair value at the end of the year	1,097	1,048
	2020	2019
	£'000	£'000
Aberdeen Money Market	209	357
Gilts	32	43
Listed shares on stock exchange	835	624
Cash	21	24
	1,097	1,048

Royal College of Paediatrics and Child Health
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13 Subsidiary undertaking

The College owns 100% of the ordinary share capital of British Paediatric Services Limited Company No. 02158572 (England & Wales) which has been consolidated as a subsidiary undertaking throughout. The College owns 50% of the ordinary share capital of RCPCH Publications Limited Company No. 03670119 (England & Wales) and, as there is no controlling interest, it has therefore been consolidated as an associated undertaking. Both companies are registered in England and Wales and registered at the same address as the parent charity.

One trustee, Dr Elizabeth Marder is also a director of BPSL and RCPCH Publications.

The related trading undertakings make gift payments to the College, usually their total net profit. All activities have been consolidated in the SOFA in accordance with the accounting policy on consolidation (see note 1) and are included in both incoming resources and resources expended within "Communications and Publications", "Other Trading" and "Investment Income".

Both related trading undertakings have an accounting reference date of 31 August and summaries of their trading results are shown below.

BPSL manages the provision of exhibition space at the Spring Meeting, provides some membership information for mailing services and distributes medical publications of interest to paediatricians.

	2020		2019	
	RCPCH £'000	BPSL £'000	RCPCH £'000	BPSL £'000
Turnover	235,882	253,434	242,309	504,749
Cost of sales and administrative expenses	(39,152)	(62,651)	(37,538)	(130,610)
Operating profit	196,730	190,783	204,771	374,139
Interest receivable	274	334	237	485
Net profit	197,005	191,117	205,008	374,624
Charitable trading funds				
Balance at 1 September	-	174,624	-	313,166
Net profit	197,005	191,117	205,008	374,624
To be gifted to College for year ended 31 August	(98,502)	(274,628)	(102,504)	(513,166)
To be gifted to NPPG for year ended 31 August	(98,502)	-	(102,504)	-
Balance at 31 August	-	91,113	-	174,624
College share				
Balance at 1 September	4	4	-	4
Balance at 31 August	4	91,113	-	174,624

Amounts owed to the parent undertaking are shown in note 15.

In respect of RCPCH Publications Limited the College charged £42,000 (2019- £42k) for College staff, newsletter advertising and facilities used.

The first edition of the British National Formulary for Children ("BNFC") was published in September 2005 with the website going live that month and publication of a CD rom version in October 2005. The year ended 31 August 2020 principally includes the company's share of income and costs associated with developing and publishing the 2020/21 edition of BNFC which was published in September 2020.

The BNFC is produced as a joint venture, the arrangements for which were formalised in an agreement between RCPCH Publications Limited, The Royal Pharmaceutical Society and BMJ Publishing Group Limited dated 13 April 2005. The parties to the joint venture then entered into a three-year supply agreement with the Department of Health dated 20 September 2005 that will ensure all relevant health professionals in England will receive the BNFC. This agreement has recently been renewed under the auspices of NICE (the National Institute for Clinical Excellence).

14 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2020	2019
	£'000	£'000
Gross income	15,096	17,399
Result for the year	(343)	(1,189)

Royal College of Paediatrics and Child Health

Notes to the financial statements

For the year ended 31 August 2020

15 Debtors

	The group		The charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	918	844	867	786
Other debtors	541	458	532	458
Amounts due from associated undertakings	122	104	204	106
Prepayments	525	817	519	807
Accrued income	480	496	480	496
	2,585	2,719	2,603	2,653

Included in amounts due from associated undertakings for the charity is a loan to British Paediatric Limited amounting to £81,793.

16 Creditors: amounts falling due within one year

	The group		The charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Mortgage loan	176	174	176	174
Trade creditors	255	701	244	687
Taxation and social security	355	297	352	294
Member subscriptions deferred	1,404	1,391	1,404	1,391
Accruals	223	738	204	736
Deferred income (Note 17)	2,894	2,438	2,882	2,422
	5,307	5,739	5,263	5,704

17 Deferred income

Deferred income comprises of examination income and invoices;

	The group		The charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Balance at the beginning of the year	2,438	2,076	2,422	2,045
Amount released to income in the year	(3,989)	(4,527)	(3,934)	(4,326)
Amount deferred in the year	4,446	4,889	4,393	4,703
	2,895	2,438	2,881	2,422

18 Creditors: amounts falling due after one year

	The charity	
	2020 £'000	2019 £'000
Mortgage loan	1,723	1,865
	1,723	1,865
Analysis of mortgage loan not wholly repayable within 5 years by instalments		
In more than one year but not more than two years	174	174
In more than two years but not more than five years	522	522
In more than five years	1,027	1,169

The mortgage loan is secured on the freehold property 5-11 Theobalds Road. It represents 10.49% (2017- 11.23%) of the cost of the property and is repayable in quarterly instalments from 2011 to 2033.

Interest was charged at 6.40% on the first £2,500,000 for the period until 15 January 2013. The interest on the remainder, and on the whole after this date, is charged at 0.75% above the Bank of England bank rate.

Royal College of Paediatrics and Child Health
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19 Pension scheme

The College operates a scheme to contribute a defined amount to individual employees' pension schemes. The assets of the various schemes are held separately from those of the College in independently administered funds. The total cost to the college of this scheme was £569,000 (2019:£541,000).

20a Analysis of group net assets between funds (current year)

	General unrestricted £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	-	16,897	-	-	16,898
Intangible assets	-	518	-	-	518
Investments	-	1,097	-	-	1,097
Net current assets	378	704	2,426	15	3,522
Long term liabilities	-	(1,723)	-	-	(1,723)
Net assets at 31 August 2020	378	17,493	2,426	15	20,312

20b Analysis of group net assets between funds (prior year)

	General unrestricted £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Tangible fixed assets	-	17,081	-	-	17,081
Intangible assets	-	448	-	-	448
Investments	-	1,048	-	-	1,048
Net current assets	993	854	1,971	15	3,832
Long term liabilities	-	(1,865)	-	-	(1,865)
Net assets at 31 August 2019	993	17,566	1,971	15	20,544

Royal College of Paediatrics and Child Health
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21a Movements in Funds (current year)

	At 1 September 2019 £'000	Income & Gains £'000	Expenditure & Losses £'000	Transfers £'000	At 31 August 2020 £'000
Permanent Endowment Funds					
Permanent Endowment Funds	15	-	-	-	15
Restricted Funds					
Business Development					
Paul Polani Fund	57	-	(12)	-	45
Other Awards & Prizes	24	3	-	-	27
El Shamy Bequest		500			500
Child Health Research Fund	220	-	(33)	(1)	186
International Projects	27	963	(908)	-	82
Education & Training					
Other Education & Training Funds	360	146	(214)	-	292
Research & QI					
Research & QI Funds	815	1,224	(1,252)	26	813
Policy & External Affairs					
Royalties from PCHR	401	23	(49)	-	375
Policy & External Affairs Funds	31	1	-	-	32
Other					
CYP Participation	37	35	(29)	31	74
Total restricted and endowment funds	1,987	2,895	(2,497)	56	2,441
Unrestricted Funds					
Business Development					
International Training Fund	39	17	(31)	-	25
Overseas Levy	20	120	(128)	-	12
Education & Training					
CPD Diaries Fund	11	1	-	-	12
Exam Booking System Fund	96	-	(35)	-	61
Research & QI					
Diabetes QAQI	172	757	(497)	-	432
Other					
Committed Expenditure Fund	120	-	(45)	-	75
General Donations Fund	59	7	-	-	66
Writing Down Reserve	679	-	(211)	333	801
Charitable Trading Subsidiary Fund	-	228	(150)	(78)	-
Fixed Asset Fund	15,190	-	-	(236)	14,954
Infrastructure Fund	631	-	-	-	631
Strategy Fund	434	-	(170)	-	264
Paediatrics 2040	6	-	-	-	6
Holiday Pay Accrual Fund	107	-	(107)	154	154
General Funds	992	11,357	(11,742)	(229)	378
Total Unrestricted Funds	18,558	12,487	(13,116)	(56)	17,872
Total Funds	20,544	15,382	(15,613)	-	20,312

The narrative to explain the purpose of each fund is given at the foot of the note below.

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21b Movements in Funds (prior year)

	At 1 September 2018 £'000	Income & Gains £'000	Expenditure & Losses £'000	Transfers £'000	At 31 August 2019 £'000
Permanent Endowment Funds					
Permanent Endowment Funds	15	-	-	-	15
Restricted Funds					
Business development					
Paul Polani Fund	72	-	(15)	-	57
Other Awards & Prizes	25	-	(1)	-	24
Child Health Research Fund	240	7	(27)	-	220
International Projects	41	1,175	(1,190)	-	26
Education & Training					
Other Education & Training Funds	162	262	(65)	-	359
Research & QI					
Research & QI Funds	799	1,284	(1,305)	37	815
Policy & External Affairs					
Royalties from PCHR	377	37	(13)	-	401
Policy & External Affairs Funds	32	-	-	-	32
Other					
CYP Participation	40	27	(39)	9	37
Total restricted and endowment funds	1,803	2,792	(2,655)	46	1,986
Unrestricted Funds					
Business Development					
International Training Fund	46	32	(39)	-	39
Overseas Levy	43	107	(81)	(49)	20
Education & Training					
CPD Diaries Fund	50	-	(39)	-	11
Exam Booking System Fund	310	-	(214)	-	96
Research & QI					
Diabetes QAQI	180	440	(448)	-	172
Other					
Committed Expenditure Fund	5	-	-	115	120
General Donations Fund	68	8	(17)	-	59
Writing Down Reserve	454	-	(167)	392	679
Charitable Trading Subsidiary Fund	-	467	(331)	(136)	-
Fixed Asset Fund	17,267	-	(2,277)	200	15,190
Infrastructure Fund	306	-	(25)	350	631
Strategy Fund	200	-	-	234	434
Paediatrics 2040	-	-	(60)	66	6
Holiday Pay Accrual Fund	23	-	-	84	107
General Funds	804	14,102	(12,612)	(1,302)	993
Total Unrestricted Funds	19,756	15,156	(16,309)	(46)	18,558
Total Funds	21,559	17,948	(18,964)	-	20,544

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Permanent Endowment Funds comprise the Michael Blacow Memorial Fund and the James Spence Medal Fund. They are in respect of endowments received by the British Paediatric Association transferred to the College at its inception together with a subsequent donation from Mr Peter Blacow to enable the Michael Blacow Memorial Fund to maintain the value of its awards in future. The income generated by these funds is included in Other Awards and Prizes restricted income and is used to further

Paul Polani Fund arises from a one-off donation and has been restricted to encourage work in neuro-disability, possibly by

El Shamy Bequest – An amount given to the College to fund Child Health Projects in the Palestinian Territories

Other Awards and Prizes is the aggregate of the following: Donald Paterson Prize Fund, John Lorber Fund, Heinz Fund, Visiting Fellowship Fund and the net income from the Michael Blacow Memorial Fund and the James Spence Medal Fund.

Child Health Research Fund is a resource to provide funded Research Fellowships in Paediatrics with the aim of building capacity in child health research and securing a new generation of academic leaders.

International Projects represents the balances held on all Global Health team projects.

Education & Training and Research & Policy Funds are net unspent voluntary income, mainly grants, received for the development of specific education programmes and research into and audit of particular childhood illnesses and conditions.

CYP Participation Fund a resource available to support the NHS London Specialised Paediatric Commissioning Group.

Unrestricted funds

Overseas Levy was first collected from the membership in January 2002 following a decision of the 2001 AGM and is designated to fund the development of overseas activities as determined by the Global Health Team – holding duration indeterminate.

Exam booking System the balance of monies set aside to complete the development of the College's new Exams Booking System – holding duration fully expended in 2020-21.

CPD Diaries Fund – the balance of monies set aside to complete the development of the College's new CPD Diary holding duration fully expended in 2020-21.

Committed Expenditure fund to meet specific commitments related to College infrastructure – holding duration indeterminate.

General Donations Fund – ensures that all voluntary gifts and donations received for the general work of the College are designated so their application can be monitored. The fund includes silverware and regalia and similar donated assets, which have been included in these financial statements at a value of £30,000 (2019 – £30,000) – holding duration indeterminate.

Writing-Down Reserve is earmarked to allow for college assets to be depreciated in line with the financial policies outlined in Note 1. This forms part of our prudent financial management – holding duration depreciable life of assets.

Fixed Asset Fund identifies those funds that are not free funds and it aims to represent the net asset value of tangible fixed assets which is their NBV after deducting the remaining amount of the mortgage loan payable.

Infrastructure Fund – funds set aside for premises reconfiguration and maintenance and IS projects including long-term projects such as future replacement of the College Website – holding duration indeterminate.

Strategy Fund – funds set aside to facilitate the College's three-year strategic plan including the Future Paediatrician project – holding duration life of the three-year plan i.e. to 2020-21.

Holiday Pay Accrual Reserve – funds set aside to cover for Holiday Pay not taken at 31st August 2020 holding duration fully

General Funds represent the free funds of the College which are not designated for particular purposes.

22 Operating lease commitments payable as a lessee

The group and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of

	Property		Equipment	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Less than one year	40	56	27	199
One to five years	15	3	40	18
	55	59	67	217

23 Analysis of changes in net debt

	At 30 September 2019 £	Cash flows £	Fair value movements £	Other non- cash changes £	At 31 August 2020 £
Cash	6,832	(232)	(49)	(322)	6,229
Total cash and cash equivalents	6,832	(232)	(49)	(322)	6,229
Loans falling due within one year	174	-	-	-	174
Loans falling due after more than one year	1,865	(168)	-	27	1,724
Total	8,871	(400)	(49)	(295)	8,127

**Royal College of
Paediatrics and Child Health**
Report and financial statements for the year ending 31 August 2020

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