



**Royal  
College  
of Obstetricians  
and  
Gynaecologists**

**Annual Report and Accounts**

31 December 2005

BUZZACOTT

Charity Registration Number  
213280

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## Legal and administrative information

### Council and College Offices

#### Elected Officers

<b>President</b>	Allan Templeton <i>ϕ</i>
<b>Senior Vice President</b>	James Connor Dornan <i>ϕ</i>
<b>Vice President</b>	Patrick Michael (Shaughn) O'Brien <i>ϕ</i>
<b>Vice President</b>	Sabaratnam Arulkumaram <i>ϕ</i> , 2
<b>Honorary Treasurer</b>	Peter Bowen-Simpkins 1 Julian Woolfson <i>ϕ</i> , 2
<b>Honorary Secretary</b>	Richard Charles Warren <i>ϕ</i>

#### Elected Council

<b>Fellows</b>	Sabaratnam Arulkumaram 3 Pamela Buck John Calvert 4 Linda Dolores Cardozo Laura Jane Cassidy 6 James Owen Drife 6 Anthony Dale Falconer <i>ϕ</i> David Ian Malcolm Farquharson 6 Paul Patrick Fogarty 5 Roger Walton Howard Giles 5 Colm O'Herlihy Tahir Ahmed Mahmood 6 Roger Paul Marwood 6 Michael Edward Lockhart Paterson 6 Anthony Deans Gutherie Roberts 5 John Henry Shepherd Philip Robin Vlies 5 Stuart Michael Walton 6 Julian Woolfson 3, 6 Charles Stewart Weatherley Wright <i>ϕ</i>
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## Legal and administrative information

**Members**

Ian Currie  $\phi$   
Keith Duncan  
Mark James  
Mark David Kilby  
Justin Chi Konje  
Mylvaganam Kumar Kumarendran  
John Alexander Latimer  
Roderick Andrew Patrick O'Connor  
Philip Owen  $\phi$ , 6  
Lorna Phelan 5  
Janice Rymer 4  
Mourad Wahby Seif

**Co-opted Member** Melissa Whitten

**Invited Members**

Alison Bigrigg (President, Faculty of Family Planning and Reproductive Health Care) (to May 2005)  
Meera Kishen (Faculty of Family Planning and Reproductive Health Care) (from May 2005)  
Margaret Elliott (Royal College of Midwives)  
Valeria Alasia (Chair, Consumers Forum) (to May 2005)  
Sue Granik (Chair, Consumers Forum) (from May 2005)

- $\phi$  Member of the Finance and Executive Committee
- 1 Demitted office September 2005
  - 2 Appointed September 2005
  - 3 Elected officer with effect from September 2005
  - 4 Demitted office with effect from AGM May 2005
  - 5 Elected 2005 with effect from AGM May 2005
  - 6 Re-elected 2005

## Legal and administrative information

<b>Chief Executive</b>	Helen Moffatt
<b>Registered address</b>	27 Sussex Place Regent's Park London NW1 4RG
<b>Charity registration number</b>	213280
<b>Auditors</b>	Buzzacott 12 New Fetter Lane London EC4A 1AG
<b>Bankers</b>	Barclays Bank plc Hanover Square Corporate Banking Group PO Box 15163H 50 Pall Mall London SW1A 1QD
<b>Investment managers</b>	<i>To January 2006</i>  Deutsche Asset Management Limited 3rd Floor 1 Appold Street London EC2A 2UU  Ballie Gifford & Co 1 Rutland Court Edinburgh EH3 8EY  <i>From January 2006</i>  Merrill Lynch Investment Managers 33 King William Street London EC4R 9AS  Newton Investment Management 160 Queen Victoria Street London EC4V 4LA
<b>Solicitors</b>	Hempsons 40 Villiers Street London WC2N 6NJ

The Council, the elected members of which are the trustees of the charity, submit its annual report and the audited financial statements for the year ended 31 December 2005. The Council have followed the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” issued in October 2000 in preparing the annual report and financial statements of the College.

### **College Council**

Members of Council, including any past members who served during the year, are set out on page 1.

### **Constitution**

The College is a registered charity and is governed by its Royal Charter and Regulations. There are no specific restrictions imposed on the operation of the charity by the governing document.

### **The object**

The principal object of the College, as described in its Royal Charter, is the encouragement of the study and the advancement of the science and practice of obstetrics and gynaecology.

### **The organisational structure**

The Governing Body of the College is the Council, which meets at least six times a year. The Council is responsible for the activities of the College. Its powers include the election of Honorary Fellows, Fellows and Members of the College and the appointment of Boards and Committees with delegated authority subject to the direction of Council. Council receives recommendations from Boards and Committees for discussion and ratification.

The Council is currently comprised of 19 elected Fellows, 11 elected Members and up to 5 co-opted members. Six elected Honorary Officers are ex-officio members of Council.

Fellows and Members are elected within regions of the British Isles. Fellows may nominate and vote for Fellows, and Members for Members by defined regions. International elections also provide a further five places for Fellows. Elected Members of Council may serve for a maximum three years and this period is taken into account for the total period of eligibility.

Only elected Members of Council and the elected Officers have the right to vote in any ballot on issues decided by the Council.

The Honorary Officers of the College are elected annually by ballot at a meeting of Council. The President, Senior Vice-President and Vice-President may serve for a maximum of three years, whilst the Honorary Treasurer and Honorary Secretary may serve for seven years.

The current Officers and Council members are listed on pages 1 and 2.

**The organisational structure** (continued)

The Finance and Executive Committee (F&E) has delegated power to perform, on behalf of the Council, matters of routine business. F&E is responsible for the financial affairs of the College including the setting of the annual budget and approving financial statements, subject to the greater authority of Council. F&E will decide on items of significant unbudgeted and capital expenditure, subject to limitations provided by Council. It meets monthly except August and the membership includes the six Honorary Officers, two elected Fellows and two elected Members of Council and senior College staff.

**Review of activities**

This review highlights a few significant areas of progress that took place during 2005. More information on 2005 activities is detailed in the College 2005 Annual Review.

During the year it was established that the three main strands of work, which will shape our future, are Workforce Planning, Recruitment into the Specialty and Specialist Training.

In 2005 we saw the completion of two important publications namely 'The Future Role of the Consultant' and 'A Career in Obstetrics & Gynaecology (recruitment and retention in the specialty)'. Our work on the new Specialist Training Programme is well on the way and will be completed during 2006.

In March, Council debated and approved in principle, the Working Party report on The Future Role of the Consultant. The Report was then published on the College website as a consultative document seeking the views of Fellows and Members. The discussion ranged from undergraduate experience and workforce planning to life-work issues and future consultant responsibilities. The College's role in reversing the trend of the recent downturn in recruitment to the speciality was considered. The Report contains 21 recommendations on how to address this problem and work has already begun on taking these issues forward

It was agreed that this was a crucially important document for our specialty. It set out the College's vision for the future, describing the roles that a consultant in obstetrics and gynaecology will need to fulfil in the coming decades. The report recognises the diversity of roles that specialists of the future will be asked to undertake and indicates that flexibility will be needed in our training programmes to provide for a fully trained and diverse workforce.

Council began to address the further implications of this report for national workforce planning, for service planning and for specialist training. In future the College will be more active in ensuring that training programmes and consultant job plans reflect an adequate life/work balance.

### **Review of activities** (continued)

#### Education

This last year has been extremely busy in terms of new and existing developments within education. One of the main achievements for 2005 was the completion of the curriculum for core training in obstetrics and gynaecology. This involved identifying the knowledge, skills, competencies and assessment criteria for trainees in their first four to five years of training, culminating in the MRCOG Part 2 examination. A new logbook has been developed to support the curriculum and will provide a robust assessment of practical skills and attitudes during the training process. This new curriculum has formed the template for other curricula to be developed. This includes subspecialty training (already well under way), the academic pathway, and for advanced training in years six to seven, leading to the award of the Certificate of Completion of Training (CCT). There is harmonisation of all these curricula at all levels. These training programmes will be taken to the Postgraduate Medical Education and Training Board (PMETB) for approval in early 2006.

The Specialist Training Year One Working Party has been considering the requirements for entry to, and the content of, the first two years of specialty training in obstetrics and gynaecology. The Advanced Training Working Party has been working on the structure of further training in years six and seven, following completion of the core curriculum. A new Basic Surgical Skills group has been convened to evaluate and develop the course content and manual, as this current mandatory course is becoming outdated.

The role, responsibilities and training needs of College Tutors has been reviewed by a Working Party and that of Deanery College Advisers will follow.

Workforce planning continues to challenge never more so than now with the piloting of Foundation Programmes and the introduction of MMC with the “run through grade” of Specialist Training in 2007. There needs to be careful attention so that medical students and Foundation doctors can be assured that obstetrics and gynaecology is a career for them and their future.

Following the implementation of the legislation creating the Postgraduate Medical Education and Training Board (PMETB), the College established the Specialist Registration Department to undertake the work created by the legislation in broadening the routes under which qualified and/or trained specialists from anywhere in the world (including the U.K) can be assessed for entry onto the GMC Specialist Register. The department has undertaken the work necessary in informing and advising those affected by the changes.

The introduction of the PMETB legislation has also affected the role of the Hospital Recognition Committee, as PMETB take up their responsibilities for accreditation of training. Training programmes and posts must now be approved by PMETB following the support and advice from the committee. The committee has successfully undertaken an interim transition period with PMETB. Before PMETB decides on a final way forward the committee will continue to work alongside them to undertake visits, but only in circumstances when most required. To assist PMETB in undertaking this new role and ensuring that the College’s views on current good practice is maintained, the committee has also been contributing to consultations and meetings on the issues.



### **Review of activities** (continued)

#### Education (continued)

During the year Council established a Working Group to review the Part 1 MRCOG examination. Using the new Core Curriculum as its starting point, the Group constructed a new syllabus for the Part 1 MRCOG examination, defining the core knowledge and competencies required of candidates. The Group also reviewed the undergraduate curricula of a sample of UK medical schools with particular reference to their methods of assessment. The Group emphasised that medicine and science are inextricably linked and that new recruits to the specialty must attain a reasonable basic knowledge of clinical sciences to prepare them for a life of constant change and innovation in obstetrics and gynaecology. Without this knowledge base the gap between scientist and clinician will grow ever wider, and clinicians will neither be able to apply new developments in biosciences intelligently nor be able to counsel patients adequately.

In the spirit of the newly formed PMETB a new position of Quality Assurance Adviser was established on the Examination Committee to progress the quality assurance agenda of College assessments.

#### International activities

The College's main aim is to co-ordinate and promote a strategy for the improvement of reproductive healthcare worldwide to reduce maternal mortality. We have begun to work in partnership with other UK and International Agencies to strengthen links and to facilitate a multidisciplinary approach and to encourage dialogue between all groups

In 2005 the College established an International Executive Board and an International Advisory Group to help shape our overseas agenda during the next few years. In developing countries, 600,000 women die each year as a result of complications of pregnancy and childbirth, that is equivalent to one per minute of every day of every year. This tragedy is almost entirely avoidable. At the same time neonatal deaths constitute 40% of all child mortality. The outcome for these babies is directly linked to care received by women during pregnancy, after pregnancy and childbirth. The RCOG has much to offer.

A very constructive meeting with nineteen of our Chairmen, or representatives of International Committees, was held at the Cairo International Scientific meeting in September. One of the main issues was the obvious need for Part 1 and Part 2 MRCOG courses to be provided in countries from which there are a reasonable number of candidates sitting our increasingly popular examination and this is being taken forward.

Two new important partnerships were formed during the year. Firstly, with the Liverpool School of Tropical Medicine (LSTM) and Liverpool Associates in Tropical Health (LATH) under the guidance of Dr Nynke van den Broek, MRCOG and her team. Secondly, the College has been very fortunate in having secured the services of Dr Monir Islam who is Director of 'Making Pregnancy Safer' with the World Health Organisation

### **Review of activities** (continued)

#### International activities (continued)

During the year the College made a commitment to helping refugee doctors in the UK wishing to pursue a career in obstetrics and gynaecology. We have worked with the British Medical Association Refugee Liaison Group to develop a support package.

April 2005 saw the launch of the College's new website. The new design, which is compliant with the Disability Discrimination Act, includes access to the Online Register of Fellows and Members with searching facilities and the option to update your contact details. Users can also register their area of clinical interest and can be updated by email when new content on this topic is added to the website. To benefit from these services, Fellows and Members must be registered with the website.

### **Financial review**

The following is a commentary on the accounts for the year by the Honorary Treasurer.

“This has been an exciting and dynamic year for the College.

I have been privileged in joining the College as Honorary Treasurer in the latter months of 2005, having taken an active role in Council for many years. In addition to this, the College has a new Chief Executive, who started in this post in November 2005.

The College accounts were passed to me in a healthy position and I would like to thank my predecessor Mr Peter Bowen-Simpkins for the smooth transfer of this task.

The statement of financial activities on page 14 shows that there was a surplus of £476,477 (2004 - £1,633,329) before gains on investments and transfers. General operational activities incurred a net deficit of £195,928 (2004 surplus £1,335,455).

The surplus position in 2004 was mainly as a result of two very generous unrestricted donations totalling £1,234,000. Contributions made in 2005 were significantly less totalling £21,000. However, the College was also able to benefit from the operations of RCOG Trading Ltd, established in 2002, whose profit of £580,416 (2004 - £399,927) was gifted to the College. This activity has been buoyant which includes the hire of facilities and provision of catering to organisations not connected with obstetrics and gynaecology. The number of bookings continues to increase although capacity is limited due to the increasing number of the College's own courses and meetings.

Total income for the year was £10,585,382 (2004 - £10,661,052) as further detailed in Note 1 (Page 21). Despite being down on the 2004 position, the College has generally performed well. This was also partly due to the increase in unrestricted MRCOG examination income to £1,317,241 (2004 - £1,050,435).

**Financial review** (continued)

The College's accounts also include the results of the National Collaborating Centre for Women's and Children's Health (NCC-WCH). The College is the host organisation for the centre. During 2005, a grant of £1,310,583 (2004 - £676,964) was received from the National Centre for Clinical Excellence (NICE). The expenditure totalled £1,022,992 (2004 - £675,972). This material increase in funding arises from a significant increase in guideline activity. Any surplus of funds is accounted for as a restricted fund balance for future projects of the NCC.

In the early part of 2003, the College was fortunate to be awarded the contract as host organisation for the Confidential Enquiry into Maternal and Child Health (CEMACH). Income of £1,446,268 (2004 - £1,384,970) and expenditure of £1,404,461 (2004 - £1,365,738) from the centre is consolidated into these accounts. The surplus of grant income over the related expenditure for the year is carried forward as a restricted fund balance for the future work of CEMACH.

Total expenditure during the year was £10,108,905 (2004 - £9,027,723). The charitable expenditure detailed in note 5 on page 24, was £8,064,255 (2004 - £7,312,986). A large proportion of the increase in expenditure is attributable to the increasing activity of NCC-WCH with these costs increasing by £347,020."

**Connected charities**

A number of Trustees of the College are also Trustees of Wellbeing of Women and the Faculty of Family Planning and Reproductive Health Care (FFPRHC). The President and Honorary Treasurer are ex-officio members of the Wellbeing Board of Trustees.

The constitution of the FFPRHC provides for two College representatives to be appointed to the Council of the Faculty. These representatives are also trustees of the Faculty.

Both WellBeing of Women and the FFPRHC are administered by the trustee boards not dependant on the College and are publicly accountable charities not subordinated in their operations by College management (which provides day to day management services to both organisations under a contract negotiated at arm's length) and they are therefore not consolidated with the College, nor regarded as related parties within the meaning of the Charities SORP.

**Reserves policy and funds adequacy**

In the opinion of the Council the resources of the College are sufficient to meet its obligations on a fund by fund basis.

It is the policy of the College to establish a level of free reserves to cover at least six months' running costs, its on-going commitments and its contractual obligations.

Uncommitted general funds amounting to £5,024,675 (2004: £4,495,779) carried forward at the balance sheet date represent more than eight months' unrestricted expenditure at current levels. However, planned increases in levels of activity in the next few years will require additional resources. The trustees have examined the College's cashflows and are satisfied that they remain adequate for the purpose of meeting its working capital requirements.

**Reserves policy and funds adequacy** (continued)

Designated funds of £10,816,061 (2004: £11,059,790) represents £10,371,261 leasehold property held for continuing use by the College, £300,000 set aside for final retentions and future payments in respect of the Education Centre and £144,800 set aside for future repair work on the leasehold property.

The Special restricted and endowed funds of the College are included in these accounts as required by the Charities Act 1993. Trust funds held for specific purposes amounted to £8,831,646 (2004: £7,314,195). Significant funds are detailed in note 14 on pages 29 to 31.

In accordance with accounting standards the College is along with other charities and companies, required to bring into these accounts for the first time the deficit on the related pension scheme. At 31 December 2005 the deficit was £2,422,000 and a pension reserve has been set aside for this. Further details of this are given in note 16 to the accounts.

The free reserves of the College are unaffected by the pension reserve in line with Charity Commission guidance. In setting the reserves policy the trustees have given particular consideration to the cashflow effect of increased contributions required to reduce the pension scheme deficit.

The College will review its reserves position and policy on a regular basis.

**Investments**

Under the power given in the Charter and as also authorised by the Trustee Act 2000, Council has delegated the responsibility for the management of its investment portfolio to the fund managers. The College has an Investment and Advisory Panel that reviews the performance of the investment managers and of the funds. This Panel includes external members who have particular expertise in relation to the stock markets.

The investment policy of the College is set in discussion with its fund managers and is subject to on-going review in the light of portfolio performance as reported to Council on a regular basis under the current investment management control agreement. For the year to 31 December 2005, the target set for investment performance was to match the WM Charity Fund Constrained by Income Index.

The funds held in CAF Units managed by Deutsche Asset Management showed a total return for the year of 21.5% for the UK Equity Growth Funds as compared with a WM Index of 20.3%

The return of 7.9% for the Bond Income Fund is compared with the British Government All Stocks Index of 7.9%.

The funds held with Baillie Gifford were divested on 23 December 2005. The return to 30 November 2005 was 13.75% against the WM benchmark of 15.55%.

A review of investment managers was undertaken in the year and new managers were appointed at the year end. Details of the managers are given on page 3.

At 31 December 2005, the College held a cash balance until the transfer to new investment managers in January 2006.

**Risk management**

Council has established a small group to review its risk management. That committee focused on assessing the risks faced by the College against the controls established and in operation throughout the year, identifying key control processes in place. This process of review is on-going.

Through the risk management processes established for the College, the Trustees are satisfied that the major risks identified have been adequately mitigated, where necessary. It is recognised that systems can only provide reasonable, but not absolute assurance that major risks have been adequately managed.

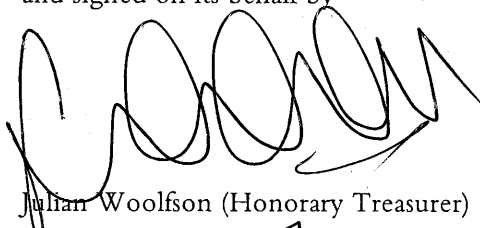
**Council's responsibilities**

The law applicable to charities in England and Wales requires the members of Council, who are also Charity Trustees to prepare the financial statements of each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Council of the College should follow best practice and:

- ◆ Select suitable accounting policies and apply them consistently;
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements, and
- ◆ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The members of the Council are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charity and ensuring their proper applications under charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by Council on  
and signed on its behalf by



Julian Woolfson (Honorary Treasurer)

Approved on:

25/7/06

**Report of the independent auditors to the trustees of The Royal College of Obstetricians and Gynaecologists**

We have audited the financial statements on pages 14 to 35 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 17 to 20.

This report is made solely to the charity trustees, as a body, in accordance with Section 43 of the Charities Act 1993 and with regulations made under Section 44 of that act. Our audit work has been undertaken so that we might state to the charity trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law, United Kingdom Accounting Standards and the Charities Statement of Recommended Practice (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with the regulations under Section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Report of the Council is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the Council and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

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

**Report of the independent auditors to the trustees of The Royal College of Obstetricians and Gynaecologists** (continued)

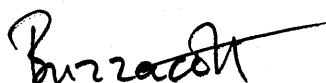
**Basis of opinion** (continued)

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

**Unqualified opinion**

In our opinion the financial statements:

- ◆ give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2005 and of its incoming resources and application of resources in the year then ended; and
- ◆ have been properly prepared in accordance with the Charities Act 1993.



Buzzacott  
Chartered Accountants and Registered Auditors  
12 New Fetter Lane  
London  
EC4A 1AG

21 July 2006

## Consolidated statement of financial activities Year to 31 December 2005

	Notes	Unrestricted funds £	Restricted funds £	2005 Total funds £	2004 Total funds £
<b>Incoming resources</b>					
Donations and legacies		21,000	170,845	<b>191,845</b>	1,426,454
Income from operating activities:					
. Activities in furtherance of the charity's objects		5,764,280	3,041,602	<b>8,805,882</b>	7,984,344
. For generating funds		1,137,709	—	<b>1,137,709</b>	876,700
Investment income		146,431	277,644	<b>424,075</b>	344,565
Other income		25,871	—	<b>25,871</b>	28,989
<b>Total incoming resources</b>	1	<b>7,095,291</b>	<b>3,490,091</b>	<b>10,585,382</b>	10,661,052
<b>Resources expended</b>					
Cost of generating funds	5	636,296	—	<b>636,296</b>	518,627
Costs of activities in furtherance of the charity's objects	5	5,257,048	2,807,209	<b>8,064,257</b>	7,312,986
Support costs	5	949,864	—	<b>949,864</b>	766,374
Management and administration	5	458,488	—	<b>458,488</b>	429,736
<b>Total resources expended</b>		<b>7,301,696</b>	<b>2,807,209</b>	<b>10,108,905</b>	9,027,723
<b>Net incoming (outgoing) resources before transfers</b>					
	2	(206,405)	682,882	<b>476,477</b>	1,633,329
Transfers between funds	8, 14	10,477	(10,477)	—	—
<b>Net incoming (outgoing) resources after transfers</b>					
		(195,928)	672,405	<b>476,477</b>	1,633,329
Net investment gains	11	432,095	845,046	<b>1,277,141</b>	604,409
Actuarial (losses) gains on defined benefit pension scheme		(504,000)	—	<b>(504,000)</b>	178,000
<b>Net movement in funds</b>					
		(267,833)	1,517,451	<b>1,249,618</b>	2,415,738
<b>Fund balances brought forward at 1 January 2005 (as restated)</b>					
	9	13,686,569	7,314,195	<b>21,000,764</b>	18,585,026
<b>Fund balances carried forward at 31 December 2005</b>					
		13,418,736	8,831,646	<b>22,250,382</b>	21,000,764

All of the charity's operations are continuing.


The notes on pages 21 to 35 form part of these financial statements.



**Balance sheets** 31 December 2005

	Notes	Consolidated		Charity	
		2005 £	2004 £	2005 £	2004 £
<b>Fixed assets</b>					
Tangible fixed assets	10	<b>10,701,942</b>	10,965,515	<b>10,673,952</b>	10,924,863
Investments	11	<b>10,762,581</b>	9,485,440	<b>10,762,583</b>	9,485,442
		<b>21,464,523</b>	20,450,955	<b>21,436,535</b>	20,410,305
<b>Current assets</b>					
Stocks		<b>366,270</b>	415,042	<b>366,270</b>	415,042
Debtors	12	<b>2,089,102</b>	2,514,007	<b>2,539,923</b>	2,366,484
Cash at bank and in hand		<b>3,720,101</b>	2,290,173	<b>2,537,852</b>	1,806,483
		<b>6,175,473</b>	5,219,222	<b>5,444,045</b>	4,588,009
<b>Creditors: amounts falling due within one year</b>	13	<b>(2,967,614)</b>	(2,800,413)	<b>(2,482,629)</b>	(2,350,526)
<b>Net current assets</b>		<b>3,207,859</b>	2,418,809	<b>2,961,416</b>	2,237,483
<b>Total assets less current liabilities</b>		<b>24,672,382</b>	22,869,764	<b>24,397,951</b>	22,647,788
<b>Total net assets excluding pension liability</b>		<b>24,672,382</b>	22,869,764	<b>24,397,951</b>	22,647,788
<b>Pension liability</b>	16	<b>(2,422,000)</b>	(1,869,000)	<b>(2,422,000)</b>	(1,869,000)
<b>Total net assets including pension liability</b>		<b>22,250,382</b>	21,000,764	<b>21,975,951</b>	20,778,788
<b>Represented by:</b>					
<b>Funds and reserves</b>					
Unrestricted funds					
General funds	14	<b>5,024,675</b>	4,495,779	<b>5,031,276</b>	4,298,285
Designated funds	14	<b>10,816,061</b>	11,059,790	<b>10,816,061</b>	11,059,790
Restricted funds	14	<b>8,831,646</b>	7,314,195	<b>8,550,614</b>	7,289,713
<b>Total funds excluding pension reserve</b>	15	<b>24,672,382</b>	22,869,764	<b>24,397,951</b>	22,647,788
<b>Pension reserve</b>	14, 16	<b>(2,422,000)</b>	(1,869,000)	<b>(2,422,000)</b>	(1,869,000)
<b>Total funds</b>	15	<b>22,250,382</b>	21,000,764	<b>21,975,951</b>	20,778,788

Approved by the trustees  
and signed on their behalf by:

Trustee   
President

Approved on: 21 July 2006

## Consolidated cash flow statement Year to 31 December 2005

Notes	2005 £	2004 £
<b>Cash inflow from operating activities</b>	<b>1,494,511</b>	1,495,144
<b>Capital expenditure and financing investments</b>		
Payments to acquire tangible fixed assets	<b>(165,967)</b>	(431,436)
<b>Increase in cash</b>	<b>1,328,544</b>	1,063,708

Notes to the cash flow statement for the year to 31 December 2005.

### A Adjustment of net incoming (outgoing) resources before transfers to net cash inflow (outflow) from operating activities

	2005 £	2004 £
Net incoming resources	<b>476,477</b>	1,633,329
FRS17 Pension charge	<b>49,000</b>	—
Depreciation	<b>429,541</b>	480,856
Decrease (increase) in stocks	<b>48,772</b>	(107,408)
Decrease (increase) in debtors	<b>424,904</b>	(1,326,112)
Increase in creditors	<b>65,817</b>	814,479
<b>Net cash inflow from operating activities</b>	<b>1,494,511</b>	1,495,144

### B Analysis of changes in net cash

	At 31 January 2005 £	Cash flows £	At 31 December 2005 £
Cash at bank and in hand	2,290,173	1,429,928	3,720,101
Bank overdraft	—	(101,384)	(101,384)
<b>Total</b>	<b>2,290,173</b>	<b>1,328,544</b>	<b>3,618,717</b>

### **Accounting policies**

The financial statements are prepared under the Charities Act 1993 in accordance with applicable accounting standards and the Statement of Recommended Practice “Accounting and Reporting by Charities”, issued in October 2000. The particular accounting policies adopted by the Trustees are described below.

### **Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investment assets.

### **Consolidated accounts**

Consolidated accounts have been prepared for the College, its wholly owned trading subsidiary and CEMACH which is controlled by the trustees of the College. In accordance with the provisions of the Charities SORP an entity Statement of Financial Activities has not been prepared.

### **Fund accounting**

General funds are available for use at the discretion of the Council in furtherance of the charitable objectives of the College.

Designated funds comprise general funds which have been set aside at the discretion of the Council for specific purposes. The purpose and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restrictions imposed by funders or by the purpose of the appeal. The purpose and use of the restricted funds are set out in the notes to the financial statements.

All income and expenditure is shown in the statement of financial activities.

### **Incoming resources**

All income is accounted for on a receivable basis.

Subscription arrears are written off when a change in a member’s status is notified to the College, or when Council determines that a member should be removed from the register. Provision is made for a doubtful debt when a member has failed to pay subscription fees for two consecutive years. Re-instatement fees are added to subscription income when received.

Income from the hire of facilities and the provision of catering is recognised when the booking takes place. Deposits and other payments in advance of bookings are deferred.

Grant income is recognised in the accounting period to which it relates.

Legacies are credited to income when the amount receivable is reliably known and the ultimate receipt is reasonably certain.

### **Resources expended and the basis of apportioning costs**

All expenditure is accounted for on an accruals basis. Expenditure incurred in connection with the specific objects of the charity is included in the 'Costs of activities in furtherance of the charity's objects'. Direct staff costs are allocated according to the nature of the work performed by each member of staff. Other direct costs are allocated to the activity to which they relate on an actual basis. 'Other costs' includes the costs of service centres. Finance costs are apportioned on the basis of budgeted income and expenditure of each of the departments concerned with charitable activities. Facilities, Premises, Personnel and Information Technology costs are apportioned on the basis of the number of staff in each of the departments concerned with charitable activities.

Support costs includes the cost of Council, the Finance and Executive Committee, overseas committees, Officers' expenses and all other Committees. Also included is the cost of maintaining the College website and subscriptions to connected organisations.

The cost of generating funds comprises the direct and indirect costs of charitable trading activities, together with the expenditure of the trading subsidiary.

Irrecoverable VAT is included in the Finance costs, which are apportioned to departmental expenditure as explained above.

### **Examinations and postgraduate meetings**

Examination fee income, postgraduate meeting income and the related expenditure is included in the year in which the examinations and meetings are held.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful lives as follows:

- ◆ Leasehold buildings - over the period of the lease
- ◆ Plant - over 10 years
- ◆ Furniture and fittings - over 5 years
- ◆ Computer equipment - over 3 years
- ◆ Bookshop, fixtures and equipment - over 3 years

All additions are depreciated for a full year in the year of acquisition.

### **Donated assets**

The historic donations of furniture, books, pictures and equipment by the late Professor Blair-Bell and others are not valued for balance sheet purposes, as the cost of doing so would outweigh the likely benefit to accounts users in assessing Council's stewardship of these assets.

Fixed assets received by way of legacy are included in incoming resources at their probate value.

### **Investments**

Investments are stated at mid-market value at the balance sheet date.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Library books are written off as expenditure is incurred.

### **Pension costs**

#### ◆ Defined benefit scheme

The defined benefit pension scheme assets are measured using market values. The scheme's liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The current service cost and any increase in the present value of the liabilities within the Society's defined benefit scheme expected to arise from employee service in the period is allocated to the respective expenses category (as outlined above) in respect to staff costs.

Actuarial gains and losses, in respect of the Society's defined benefit scheme are recognised in the statement of financial activities in recognised gains and losses for the period.

The policy described above represents a change in accounting policy following the full implementation of Financial Reporting Standard 17 "Retirement Benefits" (FRS 17) for the first time in these accounts (In prior periods, pension costs for the defined benefit scheme were charged to the statement of financial activities so as to spread the cost over the employees' working lives). The change in accounting policy has been reflected in the accounts via a prior year adjustment (see note 9).

#### ◆ Defined contribution scheme

Contributions in respect of the College's defined contribution pension scheme are charged to the statement of financial activities for the year in which they are payable to the scheme.

**Principal accounting policies** 31 December 2005

**Operating leases**

The costs of operating leases are charged to the Statement of Financial Activities on a straight line basis over the life of the lease.

**Cash at bank and in hand**

Cash or liquid resources for the purposes of the cashflow statement comprises sums on deposit with recognised banks, but not cash held by investment managers for reinvestment.

**1 Incoming resources**

	Unrestricted funds £	Restricted funds £	<b>2005 Total funds £</b>	2004 Total funds £
Donations and legacies	21,000	170,845	<b>191,845</b>	1,426,454
Activities in furtherance of the charity's objects				
. Annual subscriptions	1,473,142	—	<b>1,473,142</b>	1,383,593
Examination fees				
. Membership	1,317,241	—	<b>1,317,241</b>	1,050,435
. Diplomas	338,211	—	<b>338,211</b>	338,669
Registration fees	121,273	—	<b>121,273</b>	120,415
BJOG	471,511	—	<b>471,511</b>	450,917
Grants received from government bodies				
. Postgraduate training activities	—	149,587	<b>149,587</b>	145,227
. Overseas doctors training	—	135,164	<b>135,164</b>	131,224
. NCC - WCH	—	1,310,583	<b>1,310,583</b>	676,964
. CEMACH (note 4)	—	1,446,268	<b>1,446,268</b>	1,384,970
. Other	—	—	—	163,067
Postgraduate activities				
. Income from meetings/study groups	969,373	—	<b>969,373</b>	1,043,921
. Certification fees	91,788	—	<b>91,788</b>	67,370
Publications and bookshop	694,800	—	<b>694,800</b>	702,125
Accommodation and service charges				
. Management fees	83,087	—	<b>83,087</b>	59,529
. Accommodation charges:				
.. WellBeing	43,849	—	<b>43,849</b>	43,968
.. Faculty of Family Planning	60,002	—	<b>60,002</b>	53,891
.. Other	1,250	—	<b>1,250</b>	6,270
. College functions	29,811	—	<b>29,811</b>	15,546
. President's House	36,893	—	<b>36,893</b>	27,487
. College lettings - charitable trading	32,049	—	<b>32,049</b>	118,756
	<b>5,764,280</b>	<b>3041,602</b>	<b>8,805,882</b>	<b>7,984,344</b>
Activities for generating funds (note 3)	1,137,709	—	<b>1,137,709</b>	876,700
Investment income				
. Managed unitised funds	146,431	277,644	<b>424,075</b>	344,565
Other income	25,871	—	<b>25,871</b>	28,989
<b>Total incoming resources</b>	<b>7,095,291</b>	<b>3,490,091</b>	<b>10,585,382</b>	<b>10,661,052</b>

## 2 Net incoming resources

This is stated after charging (crediting):

	<b>2005 Total funds £</b>	2005 Total funds £
Auditors' remuneration		
. Audit services	<b>28,850</b>	20,890
. Other services	<b>2,070</b>	2,070
Operating lease rentals	<b>20,200</b>	18,040

## 3 Trading income and expenditure

The College owns 100% of RCOG Trading Limited, whose main activities include the hire of facilities owned by the Royal College of Obstetricians and Gynaecologists and the provision of catering. It will donate its taxable profits to the College under gift aid. Trading results extracted from its audited accounts are shown below:

<b>Profit and loss account</b>	<b>2005 £</b>	2004 £
<b>Turnover</b>	<b>1,137,709</b>	876,699
Cost of sales	<b>(493,174)</b>	(412,698)
<b>Gross profit</b>	<b>644,535</b>	464,001
Administrative expenses	<b>(64,119)</b>	(66,717)
	<b>580,416</b>	397,284
Interest receivable	—	2,643
<b>Operating profit</b>	<b>580,416</b>	399,927
<b>Profit</b> on ordinary activities before taxation	<b>580,416</b>	399,927
Taxation	—	35
<b>Profit</b> on ordinary activities after taxation	<b>580,416</b>	399,962
Gift aid to Royal College of Obstetricians and Gynaecologists	<b>(580,416)</b>	(399,962)
<b>Profit retained for the financial year</b>	<b>—</b>	—
<b>Balance sheet</b>		
Debtors	<b>385,236</b>	389,230
Cash at bank	<b>165,135</b>	52,223
	<b>550,371</b>	441,453
Creditors: amounts falling due within one year	<b>(550,369)</b>	(441,451)
<b>Net assets</b>	<b>2</b>	2
Share capital	<b>2</b>	2
Profit and loss account	—	—
<b>Capital and reserves as at 31 December</b>	<b>2</b>	2



**4 Confidential Enquiry into Child and Maternal Health (CEMACH) income and expenditure**

The College is the host organisation for CEMACH. The RCOG has contracted with the National Institute for Clinical Excellence up until March 2005, and the National Patient Safety Authority thereafter for funding for CEMACH. The Centre is a collaboration with other organisations and has its own Executive Board to manage its operations. The RCOG has one representative on the Board and ultimately has a power of veto over those decisions which may have financial consequences for the College and therefore it has effective control. It is not a separate legal entity in its own right.

The results for the year ended 31 December 2005 are summarised below.

<b>Income and expenditure account</b>	<b>2005 £</b>	<b>2004 £</b>
<b>Incoming resources</b>		
Grant funding	<b>1,381,633</b>	1,331,735
Interest receivable	<b>17,820</b>	13,673
Other income	<b>46,815</b>	39,562
	<b><u>1,446,268</u></b>	<u>1,384,970</u>
<b>Resources expended</b>		
Regional payments	<b>(582,628)</b>	(549,297)
Operating costs	<b>(821,833)</b>	(816,441)
	<b><u>(1,404,461)</u></b>	<u>(1,365,738)</u>
<b>Surplus for the year</b>	<b><u>41,807</u></b>	<u>19,232</u>
<b>Balance sheet</b>		
<b>Fixed assets</b>	<b><u>27,989</u></b>	<u>40,651</u>
<b>Current assets</b>		
Debtors	<b>33,044</b>	24,403
Cash at bank	<b>1,017,113</b>	431,467
	<b><u>1,050,157</u></b>	<u>455,870</u>
Creditors: amounts falling due within one year	<b>(813,909)</b>	(274,091)
<b>Net current assets</b>	<b><u>236,248</u></b>	<u>181,779</u>
<b>Total assets less current liabilities</b>	<b><u>264,237</u></b>	<u>222,430</u>
<b>Net assets</b>	<b><u>264,237</u></b>	<u>222,430</u>
<b>Funds as at 31 December</b>	<b><u>264,237</u></b>	<u>222,430</u>

**5 Resources expended**

	Unrestricted funds £	Restricted funds £	<b>2005 Total funds £</b>	2004 Total funds £	
<b>Cost of generating funds</b>	636,296	—	<b>636,296</b>	518,627	
<b>Charitable expenditure in furtherance of the charity's objects</b>					
Postgraduate education	988,991	—	<b>988,991</b>	831,893	
Postgraduate training	550,155	149,587	<b>699,742</b>	593,877	
Education development	182,412	—	<b>182,412</b>	176,677	
Overseas Doctors Fellowship Scheme	—	20,629	<b>20,629</b>	68,546	
Clinical effectiveness	451,883	—	<b>451,883</b>	417,359	
Examinations	925,384	—	<b>925,384</b>	816,893	
Information services	531,921	—	<b>531,921</b>	416,620	
BJOG	107,160	—	<b>107,160</b>	140,406	
Publications and bookshop	1,168,803	—	<b>1,168,803</b>	1,044,436	
Membership services	350,337	—	<b>350,337</b>	506,708	
NCC - WCH	—	1,022,992	<b>1,022,992</b>	675,972	
CEMACH	—	1,397,461	<b>1,397,461</b>	1,360,488	
<b>Special funds (note 14)</b>					
Scholarship and lectureships	—	79,501	<b>79,501</b>	54,875	
Research grants	—	68,750	<b>68,750</b>	154,100	
Other	—	68,289	<b>68,289</b>	54,136	
	<b>5,257,046</b>	<b>2,807,209</b>	<b>8,064,255</b>	<b>7,312,986</b>	
<b>Support costs</b>					
Officers, Council and general committees	949,864	—	<b>949,864</b>	766,374	
	Direct staff costs £	Direct costs £	Other costs £	<b>2005 Total £</b>	2004 Total £
Cost of generating funds	—	614,675	21,621	<b>636,296</b>	518,627
Charitable expenditure	2,055,461	3,942,318	2,066,477	<b>8,064,256</b>	7,312,986
Support costs	331,760	271,256	346,848	<b>949,864</b>	766,374
Management and administration	179,298	121,260	157,931	<b>458,489</b>	429,736
	<b>2,566,519</b>	<b>4,949,509</b>	<b>2,592,877</b>	<b>10,108,905</b>	<b>9,027,723</b>
Other costs comprise:					
Buildings and household				<b>1,035,869</b>	1,082,790
President's House				<b>33,656</b>	24,966
Office expenses				<b>303,964</b>	281,002
Irrecoverable VAT				<b>16,601</b>	12,700
Staff support				<b>1,202,787</b>	745,616
				<b>2,592,877</b>	<b>2,147,074</b>

**6 Staff costs**

	2005 £	2004 £
Wages and salaries	2,859,031	2,455,019
Social security costs	245,014	207,254
Pension costs	665,260	420,317
	<b>3,769,305</b>	<b>3,082,590</b>

	2005 Number	2004 Number
The average number of employees was:	111	99

The number of employees whose emoluments as defined for taxation purposes amounted to over £50,000 in the year is as follows:

	2005 Number	2004 Number
£50,001 - £60,000	1	1
£70,001 - £80,000	1	—

**7 Trustees**

The Council members received no emoluments or other personal benefits during the year (2004 £Nil).

Out of pocket expenses were reimbursed to Council members, in their capacity as trustees, as follows:

	2005 Number	2005 £	2004 Number	2004 £
Travel and subsistence	33	23,389	38	23,692

The College has purchased indemnity insurance in respect of all the Council and Officers of the College to cover liability in respect of negligence, default, breach of duty or trust other than that caused by wilful or criminal negligence. The cost of this insurance was £2,100 (2004: £2,100).

**8 Transfer between funds**

During the year the College received specific donations in respect of the construction of the new Education Centre. Having spent these funds on the purpose for which they were given, the transfer between funds represents the satisfaction of their restricted purpose.

## 9 Fund balances brought forward at 1 January 2005

As explained under principal accounting policies, the requirements of Financial Reporting Standard 17 “Retirement Benefits” (FRS 17) have been implemented in full for the first time in these accounts. This represents a change in accounting policy and has necessitated a prior year adjustment to the fund balances brought forward at 1 January 2005 as follows:

	<b>2005 Total Funds £</b>	2004 Total Funds £
Fund balances at 1 January 2005		
. As previously reported	<b>22,869,764</b>	20,632,026
. Prior year adjustment following the full implementation of FRS 17	<b>(1,869,000)</b>	(2,047,000)
. As restated	<b>21,000,764</b>	18,585,026

The effect of the change in accounting policy has been to decrease the net incoming resources for the year by £49,000 (2004 - £nil) and to decrease the net movement in funds by £654,000 (2004 - increase of £178,000). Further details relating to the full implementation of FRS 17 are given in note 16 to these accounts.

## 10 Tangible fixed assets

<b>Consolidated</b>	Leasehold buildings £	Plant, furniture & equipment £	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2005	11,923,370	4,376,731	<b>16,300,101</b>
Additions	49,948	169,130	<b>219,078</b>
VAT adjustment (see below)	(52,754)	—	<b>(52,754)</b>
Disposals	—	(355)	<b>(355)</b>
At 31 December 2005	<b>11,920,564</b>	<b>4,545,506</b>	<b>16,466,070</b>
<b>Depreciation</b>			
At 1 January 2005	1,308,380	4,026,206	<b>5,334,586</b>
Charge for year	240,923	188,974	<b>429,897</b>
Eliminated on disposal	—	(355)	<b>(355)</b>
At 31 December 2005	<b>1,549,303</b>	<b>4,214,825</b>	<b>5,764,128</b>
<b>Net book values</b>			
At 31 December 2005	<b>10,371,261</b>	<b>330,681</b>	<b>10,701,942</b>
At 31 December 2004	<b>10,614,990</b>	<b>350,525</b>	<b>10,965,515</b>

**10 Tangible fixed assets** (continued)

<b>Charity</b>	Leasehold buildings £	Plant, furniture & equipment £	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2005	11,923,370	4,307,711	<b>16,231,081</b>
Additions	49,948	160,951	<b>210,899</b>
VAT adjustment (see below)	(52,754)	—	<b>(52,754)</b>
Disposals	—	(355)	<b>(355)</b>
At 31 December 2005	<u>11,920,564</u>	<u>4,468,307</u>	<b><u>16,388,871</u></b>
<b>Depreciation</b>			
At 1 January 2005	1,308,380	3,997,840	<b>5,306,220</b>
Charge for year	240,923	168,131	<b>409,054</b>
Eliminated on disposal	—	(355)	<b>(355)</b>
At 31 December 2005	<u>1,549,303</u>	<u>4,165,616</u>	<b><u>5,714,919</u></b>
<b>Net book values</b>			
At 31 December 2005	<u>10,371,261</u>	<u>302,691</u>	<b><u>10,673,952</u></b>
At 31 December 2004	<u>10,614,990</u>	<u>309,873</u>	<b><u>10,924,863</u></b>

The VAT adjustment is a Capital Goods Scheme VAT adjustment made on the recovery of prior years' input VAT on the construction of the Education Centre.

**11 Fixed assets investments**

<b>Consolidated</b>	<b>2005 £</b>	2004 £
Market value as at 1 January 2005	<b>9,485,440</b>	8,881,031
Net investment gains	<b>1,277,141</b>	604,409
Market value as at 31 December 2005	<b><u>10,762,581</u></b>	<u>9,485,440</u>
All investments are in unitised funds managed in the UK:		
Fixed interest funds	<b>1,222,340</b>	2,443,851
Equity funds	<b>2,597,144</b>	6,672,322
Cash funds	—	347,238
Market value of investments	<b><u>3,819,484</u></b>	<u>9,463,411</u>
Cash held by investment managers for reinvestment	<b><u>6,943,097</u></b>	<u>22,029</u>
	<b><u>10,762,581</u></b>	<u>9,485,440</u>

Charity investments include the College's investment in the trading subsidiary of £2.

**11 Fixed assets investments** (continued)

Investments comprising 5% or greater of the market value of the portfolio were as follows:

	2005 £	2004 £
Baillie Gifford British 350 Fund	—	3,605,126
Baillie Gifford International Fund	—	871,050
Baillie Gifford Gilt & Fixed Interest Fund	—	674,067
Baillie Gifford Corporate Bond Fund	—	578,541
CAF UIK Equity Growth Fund	<b>2,597,144</b>	2,196,146
CAF Bond Fund Income	<b>1,222,340</b>	1,191,243
Uncommitted cash	<b>6,943,097</b>	—

The uncommitted cash position at 31 December 2005 has arisen because the College was in the process of changing investment managers at 31 December 2005 and as part of this process the existing investments were sold. The proceeds were reinvested by the new managers after the balance sheet date.

**12 Debtors**

	Consolidated		Charity	
	2005 £	2004 £	2005 £	2004 £
Trade debtors	<b>1,495,296</b>	1,855,055	<b>1,964,463</b>	1,722,761
Grants receivable	—	69,570	—	69,570
Other debtors	<b>78,682</b>	118,317	<b>78,682</b>	118,317
Legacies receivable	<b>327,000</b>	327,000	<b>327,000</b>	327,000
Prepayments and accrued income	<b>188,124</b>	144,065	<b>169,778</b>	128,836
	<b>2,089,102</b>	2,514,007	<b>2,539,923</b>	2,366,484

**13 Creditors: amounts falling due within one year**

	Consolidated		Charity	
	2005 £	2004 £	2005 £	2004 £
Trade creditors	<b>411,334</b>	767,084	<b>412,686</b>	623,648
Deferred income	<b>1,577,077</b>	1,275,444	<b>1,439,247</b>	1,200,058
Taxation and social security costs	<b>313,480</b>	183,496	<b>238,231</b>	167,972
Accruals	<b>500,356</b>	518,812	<b>354,253</b>	324,006
Other creditors	<b>63,983</b>	55,577	<b>38,212</b>	34,842
Bank overdraft	<b>101,384</b>	—	—	—
	<b>2,967,614</b>	2,800,413	<b>2,482,629</b>	2,350,526

## 14 Statement of funds

Consolidated	At 1 January 2005 (as restated) £	Incoming resources £	Resources expended £	Actuarial losses/ Net investment gains £	Transfers £	At 31 December 2005 £
<b>Restricted funds</b>						
<b>Scholarship and Lecture funds</b>						
Bernhard Baron Scholarship Fund	276,198	11,712	(4,633)	35,648	—	<b>318,925</b>
Sims Black travelling Professors Fund	941,429	39,922	(18,910)	121,508	—	<b>1,083,949</b>
Thomas Watts Eden Fellowship	233,240	9,890	(2,157)	30,104	—	<b>271,077</b>
Lockyer Travelling Fellowship	834,097	35,371	(50,553)	107,655	—	<b>926,570</b>
Other	184,144	7,809	(3,248)	23,767	—	<b>212,472</b>
	<b>2,469,108</b>	<b>104,704</b>	<b>(79,501)</b>	<b>318,682</b>	<b>—</b>	<b>2,812,993</b>
<b>Research funds</b>						
Edgar Research - Jean Ethel Gentilli Scholarship	1,923,280	81,558	(4,083)	248,233	—	<b>2,248,988</b>
Sir William Gilliatt Memorial Fund	233,193	9,889	(412)	30,098	—	<b>272,768</b>
F&W Blair-Bell Memorial Fund	819,521	34,752	(63,246)	105,774	28,523	<b>925,324</b>
Other	31,196	1,323	(1,009)	4,026	—	<b>35,536</b>
	<b>3,007,190</b>	<b>127,522</b>	<b>(68,750)</b>	<b>388,131</b>	<b>28,523</b>	<b>3,482,616</b>
<b>Other special purpose funds</b>						
President's Fund	432,992	18,362	(27,173)	55,885	—	<b>480,066</b>
Overseas Fund	368,317	15,619	(10,635)	47,538	—	<b>420,839</b>
Education Centre	—	39,000	—	—	(39,000)	<b>—</b>
Millennium Endometriosis Fund	52,426	2,223	(10,238)	6,766	—	<b>51,177</b>
Marjorie Kuck	—	117,345	—	—	—	<b>117,345</b>
Other funds	343,217	23,714	(20,243)	28,044	—	<b>374,732</b>
	<b>1,196,952</b>	<b>216,263</b>	<b>(68,289)</b>	<b>138,233</b>	<b>(39,000)</b>	<b>1,444,159</b>
<b>Government grants</b>						
NCC - WCH	141,824	1,310,583	(1,022,992)	—	—	<b>429,415</b>
CEMACH	232,225	1,446,268	(1,397,461)	—	—	<b>281,032</b>
Postgraduate training activities	—	149,587	(149,587)	—	—	<b>—</b>
Overseas Doctors Training Fellowship	133,948	135,164	(20,629)	—	—	<b>248,483</b>
Other government grants	132,948	—	—	—	—	<b>132,948</b>
	<b>640,945</b>	<b>3,041,602</b>	<b>(2,590,669)</b>	<b>—</b>	<b>—</b>	<b>1,091,878</b>
<b>Total restricted funds</b>	<b>7,314,195</b>	<b>3,490,091</b>	<b>(2,807,209)</b>	<b>845,046</b>	<b>(10,477)</b>	<b>8,831,646</b>
<b>Unrestricted funds:</b>						
General fund	4,495,779	7,095,291	(7,301,696)	432,095	303,206	<b>5,024,675</b>
Pension reserve	(1,869,000)	—	—	(504,000)	(49,000)	<b>(2,422,000)</b>
Designated funds						
. Property fund	10,614,990	—	—	—	(243,709)	<b>10,371,261</b>
. Education Centre	300,000	—	—	—	—	<b>300,000</b>
. Repairs fund	144,800	—	—	—	—	<b>144,800</b>
<b>Total</b>	<b>13,686,569</b>	<b>7,095,291</b>	<b>(7,301,696)</b>	<b>(371,905)</b>	<b>10,477</b>	<b>13,418,736</b>
<b>Total funds</b>	<b>21,000,764</b>	<b>10,585,382</b>	<b>(10,108,905)</b>	<b>773,141</b>	<b>—</b>	<b>22,250,382</b>

**14 Statement of funds** (continued)

**Restricted funds**

Bernhard Baron Scholarship Fund

A fund for the provision of travel awards to Fellows or Members.

Sims Black Travelling Fund

For the provision of travel awards to lecture, teach or engage in research in Obstetrics or Gynaecology.

Thomas Watts Eden Fellowship

For the provision of travelling expenses of medical graduates of not less than two years standing to any approved UK or Commonwealth University for participation in a research project.

Lockyer Travelling Fellowship

To fund College travel and facilitate links with Fellows and Members.

Edgar Research - Jean Ethel Gentilli Scholarship

For the provision of travel for candidates of high academic standing to participate in research.

Sir William Gilliatt Memorial Fund

To encourage research in all aspects of obstetrics and gynaecological medicine.

Florence and William Blair-Bell Memorial Fund

To fund fellowships with the object of bridging the widening gap between scientific research and clinical practice.

President's Fund

To fund exceptional items of expenditure at the President's discretion.

Overseas Fund

For the provision of travel for overseas members of the College to undertake further training in the UK.

Education Centre

Represents amounts donated for the provision of a new education centre.



**14 Statement of funds** (continued)

Millennium Endometriosis Fund

The object of the fund is to stimulate and encourage research, clinical or laboratory based, in the field of endometriosis, or to encourage clinicians to acquire extra clinical skills to manage patients with the disease.

Marjorie Kuck fund

Provided for research into the medical problems of obstetrics.

Government grants

Grants for specific purposes relating to College activities.

**Designated funds**

Property Fund

Representing the net book value of property in use by the College in furtherance of its charitable activities.

Education Centre Fund

Representing amounts set aside for the capital additions to the new education centre.

Repairs Fund

Representing amounts set aside for future repair work on the property.

**15 Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	<b>Total 2005 £</b>
<b>Fund balances at 31 December 2005</b>			
<b>are represented by:</b>			
Tangible fixed assets	10,618,453	83,487	<b>10,701,940</b>
Investments	3,819,485	6,943,098	<b>10,762,583</b>
Net current assets	1,402,798	1,805,061	<b>3,207,859</b>
<b>Total net assets excluding pension liability</b>	<b>15,840,736</b>	<b>8,831,646</b>	<b>24,672,382</b>

## **16 Pension costs**

### *Defined Contribution Scheme*

The College operates a pension scheme based on defined contributions. The assets of the scheme are held separate from those of the College and are invested in exempt approved investment funds. The defined contribution scheme is open to all staff. The cost for the year was £26,360 (2004 - £7,856).

### *Defined Benefit Scheme*

The assets of the scheme are held independently from the College's finances. The scheme is contracted out of the State Second Pension. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 April 2005 using the attained age method. This has been updated on an approximate basis to 31 December 2005.

The contributions made by the employer over the financial year have been £634,000. As the scheme is closed to new entrants, the current service cost as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll.

The 1 April 2005 actuarial valuation showed a market value of scheme assets of £5,647,000, sufficient to cover 72% of the benefits which had accrued to scheme members; a past service deficit of £2,199,000. The scheme was 93% funded at the valuation date using the Minimum Funding Requirement prescribed assumptions and methodology, and showed a deficit of £2,422,000.

The College and the trustees of the scheme agreed in March 2006 to increase contribution rates to 31.4% and 6% from the employer and employee respectively. In addition the College will pay an additional annual contribution of £318,000 in July each year to fund the MFR deficit over ten years.

However, the deficit as calculated under the accounting standard FRS 17 has increased to £2,422,000 as at 31 December 2005, compared to £2,199,000 and £1,869,000 as at 1 April 2005 and 31 December 2004 respectively. The increased deficit is due to the actuarial loss for the year which is a result of increased valuations of liabilities due to changes to the assumptions made.

Financial Reporting Standard 17 "Retirement Benefits" (FRS17) requires the surplus or deficit on the Scheme as at 31 December 2005, calculated in accordance with the requirements of the FRS17, to be included on the balance sheet. The scheme was previously considered to be a multi-employer scheme in which the assets and liabilities of the scheme could not be separated for individual employers. The trustees of the College now consider that, because the vast majority of the scheme members are/were College employees, the share of the assets and liabilities of the scheme relating to other employers are immaterial to these accounts. Therefore the entire assets and liabilities of the scheme are included. As a result of this change in treatment the full prior year disclosures required by FRS 17 are not available. Council do not believe that the additional benefits of retrospectively determining the amounts required for disclosure purposes justify the cost that would be incurred.

**16 Pension costs** (continued)

Assumptions

For the purpose of FRS 17, the assets of the scheme have been taken at market value and the liabilities have been calculated by a qualified independent actuary using the following principal assumptions (which differ from those used for the triennial actuarial valuation and for the purposes of the Minimum Funding Requirement):

	2005	2004
Inflation	<b>2.50%</b>	2.50%
Salary increases	<b>4.00%</b>	4.00%
Rate of discount	<b>4.80%</b>	5.30%
Pensions in payment increases	<b>2.50%</b>	2.50%
Revaluation rate for deferred pensions	<b>2.50%</b>	2.50%

The assets in the scheme and the expected rate of return

	Long-term rate of return expected 2005 %	Value at 31 December 2005 £	Long-term rate of return expected 2004 %	Value at 31 December 2004 £
<b>Assets</b>				
Equities	6.05	4,439,000	6.55	3,933,000
Bonds	4.80	2,196,000	5.30	1,287,000
Debtor	4.50	150,000	4.75	—
Cash	4.50	127,000	4.75	220,000
Total market value of assets		6,912,000		5,440,000
Actuarial value of liability		(9,334,000)		(7,309,000)
Deficit		(2,422,000)		(1,869,000)

Performance statement information

In accordance with FRS 17 the following components of the pension charge have been recognised in the statement of financial activities for the year ended 31 December 2005.

<b>Analysis of the amount charged to the Statement of financial activities</b>	<b>2005 £</b>
Operating charge:	
Current service cost	<b>(633,000)</b>
Past service cost	—
<b>Total operating charge</b>	<b>(633,000)</b>
Other finance charges:	
Expected return on pension scheme assets	<b>343,000</b>
Interest on pension scheme liabilities	<b>(393,000)</b>
<b>Net finance charge</b>	<b>(50,000)</b>
<b>Total charge to statement of financial activities</b>	<b>(683,000)</b>

**16 Pension costs** (continued)

<b>Amounts recognised as other gains and losses</b>	<b>2005 £</b>
Actual return less expected return on pension scheme assets	<b>755,000</b>
Experience gains and losses arising on the scheme liabilities	<b>(388,000)</b>
Change in financial and demographic assumptions underlying the scheme assets	<b>(871,000)</b>
Actuarial loss recognised	<b>(504,000)</b>
<hr/>	
<b>Movement in the deficit during the year</b>	<b>2005 £</b>
Deficit at beginning of year	<b>(1,869,000)</b>
Current service cost	<b>(633,000)</b>
Net finance charge	<b>(50,000)</b>
Contributions	<b>634,000</b>
Actuarial loss	<b>(504,000)</b>
Deficit in scheme at end of year	<b>(2,422,000)</b>
<hr/>	
<b>History of experience gains and losses</b>	<b>2005</b>
Difference between expected and actual return on assets	
. Amount	<b>755,000</b>
. Percentage of scheme assets	<b>11%</b>
Experience gains and losses arising on the scheme liabilities	
. Amount	<b>(388,000)</b>
. Percentage of present value and scheme liabilities	<b>4%</b>
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	
. Amount	<b>(871,000)</b>
. Percentage of present value and scheme liabilities	<b>9%</b>
Total amount recognised in Statement of Total Recognised Gains and Losses	
. Amount	<b>(504,000)</b>
. Percentage of present value and scheme liabilities	<b>5%</b>

**17 Financial commitments**

At 31 December 2005 the College had annual commitments under non-cancellable leases which expire as follows:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Operating leases which expire:				
Within one year	—	—	—	18,040
Over five years	<b>2,160</b>	2,160	—	—
	<b>2,160</b>	2,160	—	18,040

**18 Legacies receivable**

All legacies which have been notified to the College during the year are included in these accounts. This includes the final distribution of a reversionary interest in the estate of William Gilliatt, deceased, which has not yet been received. The estate comprised equities and stocks and the College has requested that the executors sell these assets and transfer the cash value. A final payment of £327,000 is expected and is included in the debtors balance at 31 December 2005 (see note 11).

**19 Contingent liability**

A claim was brought against the College in the year by a former employer for unfair dismissal, sex discrimination and victimisation. This claim, which amounts to £280,000, is being contested by the College. Were the claim to be successful, the estimate of the legal costs to the College is £200,000 excluding VAT. No provision has been made in the accounts for these costs.