



The Royal College of Surgeons of England

Annual report and accounts
2020-21

Credits

Cover Photo

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President's Foreword



My first year as President was not a year any of us could have expected. The COVID-19 pandemic meant College meetings taking place remotely, with all of us becoming experts in Microsoft Teams, and the etiquette of hand-raising, unmuting and chairing webinars. This brought some major benefits, in particular the ability for many more RCS England fellows and members to join College events and discussions from all parts of the country without losing time to travel. Nothing can entirely replace face-to-face interactions but we continue to adopt a hybrid approach, providing flexibility and opportunity. Our aim is to make good use of

the well designed new College building but also to balance that with the important business of making good use of colleagues' time and continuing our commitment to widening participation.

How to widen participation has been a key question throughout my first year. Baroness Helena Kennedy's review highlighted the importance of making sure that people from all backgrounds feel welcome at the College and in the wider surgical community. While her report included some testimonies that were painful to read, the journey we have embarked on at RCS England is essential. All of us can help here. I personally have pledged not to speak on any 'all male, all white' panels.

The pressing issue for surgical patients throughout the year has simply been getting access to surgery. With the surgical prioritisation guidance still in place to help the incredibly difficult decisions over whom to see first, RCS England has worked closely with NHS England, trying to restore and maintain as much elective surgery as possible. My regular meetings with Professors Steve Powis and Chris Whitty throughout this period have been invaluable, and we now see two current and former RCS England Council members (Miss Stella Vig and Mr Ian Eardley) take up key roles at NHS England as national clinical directors of elective care recovery. Meanwhile, the suite of RCS England guidance for surgical teams on issues including remote consultations, gaining consent and the wellbeing of surgical teams has proved invaluable.

Sadly, surgical waiting lists continue to increase month on month owing to the mix of pressures from COVID-19, staffing and lack of beds. In May 2021, we published *A New Deal for Surgery*, urging the UK government to increase the number of NHS staff and beds to the Organisation for Economic Co-operation and Development average. We

promoted the innovative endeavours of our surgical colleagues who have managed to establish COVID-light surgical hubs. The principle of separating planned surgery from emergency admissions is now well established. Our proposals resonated with the Secretary of State for Health and Social Care and with Downing Street, resulting in support for the principle and additional ringfenced funding for the elective recovery. These challenges will not be solved overnight of course and throughout, we have pointed out that the recovery must include surgical trainees, who have missed out on so much training over the last 18 months.

Although surgical training in the NHS has been severely disrupted, I was glad that we were able to maintain some of our own surgical training, following COVID-safe practices. More than 6,000 surgeons took part in our training over the year and I am indebted to the thousands of colleagues who volunteer their time to serve as trainers. Throughout the year, our activity in support of surgical research and quality improvement has continued apace. We established new research fellowships and awarded new pump priming grants to improve understanding of the implications of COVID-19 for surgery.

The successful delivery of the new RCS England headquarters in the midst of a pandemic is testimony to our Deputy Chief Executive and her team. We now need to make the building our home. Together with the new strategy published in July 2021, it offers the prospect of a bright future for the College and our work in the coming years.

While recent history has taught us never to predict the future, I am reassured by the resilience I have seen both in the staff and in the professional representatives of the College. Their ability to flex, adapt and do their best to manage whatever is

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thrown at them is heartening. So too are the efforts of all of you working in our hospitals, keeping surgery going in the most trying of circumstances. But the experience has shown us that this resilience is also the product of mutual support, respect and understanding.



Professor Neil Mortensen
President

Chief Executive's Statement



After the terrible outbreak of the coronavirus pandemic in the early part of 2020, the 2020-21 financial year threatened to be one of the most difficult the College has ever faced. As it turned out, it has arguably been one of our most successful. We started the year by admitting a new President, a new Dean of the Faculty of Dental Surgery (FDS), and two new Vice Presidents. All have quickly made their mark.

Our most visible success was the completion and handover of our new building at the end of April. It is the culmination of a four-year construction project and perfectly blends our modern outlook with our heritage, a magnificent space for our membership and our staff. Once the new Hunterian Museum has been completed and opened in early 2023, it will be an inviting space for the public too.

We have always been clear that the modernisation of our premises must be only a piece of our work to modernise the College as a whole. I was delighted that we were able to launch our new strategy along with the building in July 2021, putting excellence in surgery and supporting our membership at the very heart of what we do. The strategy sets out five clear aims: to lead the profession, to improve practice, to engage our members, to promote diversity and inclusion, and to transform our College. We adopted new values too, promoting collaboration, respect and excellence to underpin our work and our outlook.

Our other major strategic theme was diversity, equity and inclusion. The Kennedy report was both a shock and a shot in the arm. Following its publication in March we have been working hard on plans to implement its recommendations.

The Faculty of Dental Surgery (FDS) continued to play a vital role in the work and success of the College, adapting well to the challenges of COVID and developing important themes of public interest in relation to children's oral health, older people and the continuing campaign for fluoridation. We bid farewell, however, to the Faculty of General Dental Practice, who have fulfilled their long-term ambition to become a fully independent organisation. While many of their members have joined the new college, the FDS has

made welcome quite a number who have preferred to stay with us.

Sadly, the pandemic greatly restricted some of our activities, especially international exams. However, our surgeons, dentists and staff quickly adapted to remote working, and are to be congratulated for minimising the disruption to – and even enhancing – our services to fellows and members. It is particularly encouraging to have seen a continued increase in the numbers of fellows (up by 5% on last year) and members (up by 4%) in the College. Financially, we have worked hard to sustain an operating surplus. Our underlying operating surplus of £2.6m masks significant commitments that have been deferred into 2021-22, and a reduction in expected income of just over £1m. Nevertheless, it represents an excellent result in unprecedented difficulties. I am also pleased that, under the same challenges, we have taken an approach to investment management that meets the recognised standards of environmental, social and governance investment (ESG) to support our growing approach to sustainability.

My thanks this year go to the whole of our membership for the magnificent work they have done to care for patients in the pandemic, often at risk to themselves and their families, and to support the NHS. And once again, our staff have been exceptional.



Andrew Reed
Chief Executive

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Trustees' Report

The trustees of The Royal College of Surgeons of England are pleased to present their report for the year ended 30 June 2021.

Our objectives and aims

RCS England was established for the study and promotion of the art and science of surgery. Our vision is to see excellent surgical care for everyone.

Our mission

Our mission is to enable our members, in all their diversity, to deliver excellence in everything they do.

Our strategic aims

We will do this by:

- **leading our profession:** being the pre-eminent voice of surgery, championing excellent surgical care by engaging the profession, policy makers, patients and the public
- **improving practice:** continually improving the practice, standards and safety of surgical care, and developing the workforce across the UK
- **engaging our members:** inspiring, supporting, educating and representing the professional interests of a growing, diverse membership
- **embracing diversity:** championing the diversity of our profession, treating everyone with respect and compassion, and demonstrating our commitment to fairness, gender equality and anti-racism
- **transforming our College:** building a sustainable, diverse, digital, forward-looking organisation which plays its part in the world and is accountable for everything it does.

Our core values

Our values are:



Collaboration: we embrace our collective responsibility, working as one College



Respect: we value every person we come into contact with as an individual, we respect their aspirations and commitments in life, and seek to understand and meet their physical and wellbeing needs



Excellence: we aspire to excellence and success, we share learning from our experiences, apply feedback to practice, and commit to continual improvement.



Working for the public benefit

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

The trustees confirm that they have paid due regard to the guidance issued by the Charity Commission on public benefit, and further confirm that the activities of RCS England are carried out for public benefit.

Our work is based on a number of the charitable purposes defined in the Charities Act 2006 – chiefly the advancement of education, the advancement of health or the saving of lives, and the advancement of the arts, culture, heritage or science. We engage directly with the public through the Hunterian Museum, the media, our publications and our journals (the *Annals*, the *Bulletin* and *FDJ*).

The College values of *Collaboration, Respect and Excellence* will underpin all of our work.

What we have achieved this year

Supporting and engaging with our members

During the past 12 months, we have been delighted to welcome more than 1,600 new fellows, members, affiliates and associates.

Throughout the year, we have worked hard to support our members with a wide range of activities and resources. We have been working closely with our networks of representatives across the UK. These networks are there to engage with members wherever they are based, and we have held over 40 meetings across all regions of England and the devolved nations. In the autumn, we held our first virtual event series for regional representatives and the RCS England President has been delighted to be able to continue to visit individual trusts, albeit virtually. More visits are planned over the coming year. For the first time, we are pleased to have recruited a new regional director in Scotland.

We have also found new ways to support and engage with our medical students and trainees, through the

meetings of our Future Surgeons forum (attended by more than 30 student surgical societies and foundation doctors), sponsorship of a variety of surgical events and attendance at various national conferences.

We also used this time to develop a new outreach engagement strategy with our teams based in London and Manchester to improve the member experience and continue to support surgical professionals across all stages of their career.

At the end of 2020, the College invited fellows and members to complete its latest membership survey. It was an interesting point in time for us all to reflect on the services and support offered by the College, after months of grappling with a global pandemic. Overall, 77% of those surveyed believe their membership is important. While satisfaction levels have increased since the last survey, they are still not at the level they should be, and we are committed to improving our services and support so that we can provide real value for our members throughout their careers.



Webinars and virtual events continued to be the main feature of our events programme owing to the ongoing constraints of the pandemic, and we welcomed 5,676 participants to 53 webinars during the year. We were delighted to host the inaugural Future Surgery Show with our partner CloserStill. More than 1,600 members registered for the online event, and highlights included sessions on the future of surgical innovation and the challenges of restarting elective surgery.

Across its digital channels, the College has seen a year of continued growth and our website audience has increased by 10% to almost 1.9 million users. Our biggest social success was on Instagram, where we passed the 10k follower milestone with a post that featured a surgeon operating while 37 weeks pregnant, generating a record engagement of 27,000 likes.

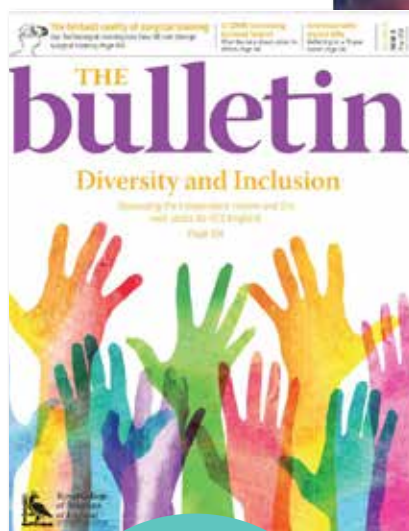
The Women in Surgery (WinS) network has continued to flourish, growing by 3% in 2020–21 to a total of 6,424 members across the UK. This year, the WinS initiative has celebrated its 30-year anniversary. Since its inception, the number of women consultant surgeons has risen from 3% in 1991 to 13.9% in 2021, but there is still work to do. The anniversary was marked with a virtual conference on 10 September 2021 and a WinS takeover of the September issue of the Bulletin, which included articles on the history of the network, intersectionality and surgery, and improving sex balance. Members of the WinS forum will continue to support Council and other stakeholders as they implement the recommendations of the Kennedy review into diversity and inclusion.

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The *Annals* impact factor increased from 1.220 in 2019 to **1.891** in 2020.



The RCS publishing website saw a **13%** growth in digital traffic compared to last year.



Engagement with Bulletin articles has grown by **30%** in the last year.



Overall, the RCS journals published **560** articles in the last year.



Our three journals have continued to publish topical and informative content. Over the past year, digital traffic on our titles increased further. The publishing website (publishing.rcseng.ac.uk) saw a 13% growth in digital traffic compared with the previous year. The *Annals*, our research journal, celebrated a landmark increase in impact factor from 1.220 in 2019 to 1.891 in 2020. The *Bulletin* has continued to supply a plethora of features, opinions and research on areas such as diversity, equity and inclusion, wellbeing and mental health, and sustainability. We also published a highly successful second annual *Trainees' Bulletin*, written 'by trainees for trainees'. Engagement with *Bulletin* articles has grown by 30% from the previous year (source: Altmetric). Our dental journal, the *FDJ*, continues to broaden its impact and has increased its reach across social media by over 100% (source: Altmetric).

Influence and engagement

COVID-19

The COVID-19 pandemic and consequent efforts to recover surgical services have dominated our influencing and engagement activity over the last year. The College continued to be a key champion of the views of surgeons and trainees, and to advocate in the interests of surgical patients. As trusted advisors to MPs and the health service, we helped shape national guidance to keep surgery safe through these unprecedented times. We have been the leading voice of surgery and surgical issues in the national media throughout the year, ensuring that the recovery of services remains high in the

news agenda and at the top of political parties' priorities.

While warning of the impact and risks to patients of lengthening waiting times for surgery across England, Wales and Northern Ireland, we have advocated successfully for increased funding. In order to help services withstand future outbreaks of COVID-19 and winter pressures, we have proposed solutions such as surgical hubs, and recommended increases in hospital beds and staffing.

Our engagement has included supporting the College's Officers in their extensive interaction with leading politicians across all political parties, the Department of Health and Social Care, and the senior team at NHS England. Similarly, in the devolved nations, we have supported regional directors to engage with ministers and members of the Senedd and the Northern Ireland Executive, as well as working with health service leaders and officials on matters including establishing COVID-light surgical hubs, staff testing and personal protective equipment, the prioritisation of surgical patients, and strategies for restoring both urgent and elective surgical activity.

As an example, our previous President, Professor Derek Alderson, gave evidence to the House of Commons Health and Social Care Committee as part of its inquiry into the delivery of NHS services during the COVID-19 pandemic. Our evidence session to the health select committee received extensive media coverage and the subsequent report from the committee

advising government led with our recommendation on staff testing.

Over the year, we continued fortnightly meetings with the Secretary of State for Health and Social Care to discuss the recovery of elective treatments across the NHS.

Alongside colleagues from other royal colleges, we also undertook a regular programme of meetings with the Rt Hon Jeremy Hunt MP, chair of the Health and Social Care Select Committee, to discuss the steps that need to be taken to address the waiting times backlog and workforce issues.



In September, we published a policy report on *Protecting Surgery Through a Second Wave*. Informed by responses from our survey of 970 surgeons across the UK, the report underscored the range of challenges facing surgical teams trying to restart surgical services after the first wave of the pandemic. Surgeons highlighted continued difficulty in accessing COVID-light facilities, a lack of theatre space and shortcomings in testing. The report informed our conversations with government, NHS England and other stakeholders as we built support for the recovery of surgical services across the UK.

In the media, we have continued to be a leading commentator on waiting times for treatment in England, Wales and Northern Ireland.

New Deal for Surgery

In May, we published a major new document, our *New Deal for Surgery* report. With widespread variation in the recommencement of surgical services, the report made 12 recommendations, including calling on the government to commit to an additional £1 billion for surgery every year for the next five years and the creation of surgical hubs across the country to reduce the surgical backlog. We also recommended adopting a long-term aim to reach the average levels published by the Organisation for

Economic Co-operation and Development in terms of the numbers of hospital beds and doctors, flagging that both staffing and infrastructure are key to restoring timely access to surgery.

Action plans for Wales and Northern Ireland that are aligned to these principles but reflecting the particular challenges and needs of the devolved nations were also published, underpinning our influencing activity. The publication of these reports received extensive coverage across broadcast, print and online media.

In order to gauge public opinion on our proposals, in May, we commissioned opinion polling from Savanta ComRes, which found that:

- 78% of UK adults agree that the government should continue to give the NHS £1 billion in extra funding each year for the next six years to tackle long hospital waiting times;
- 58% of UK adults say that if they needed an operation, it would be important for them to be treated in a 'surgical hub' hospital (defined as a hospital that is not treating COVID-19 patients); and
- 73% UK adults say that if they needed an operation, they would be willing to travel to a



surgical hub if it was not their nearest local hospital.

Research and quality

Quality improvement

Having in 2018 successfully concluded our flagship quality improvement initiative, the Cholecystectomy Quality Improvement Collaborative (Chole-QulC), in July 2019 we launched CholeQulC-ER, an 'extended reach' collaborative supporting 24 hospitals across the UK to improve care for patients with acute gallstone disease. As part of our response to the COVID-19 pandemic, we extended the project to run until December 2020, supporting each hospital in its work to recommence this essential surgical service. Having evaluated our impact and reviewed our learning, we have now been able to offer a third phase of quality improvement support to UK hospitals. The 12 hospitals joining Chole-QulC3 between January and June 2021 will benefit from the College's quality improvement expertise from July 2021 to June 2022.

Following successful delivery of these quality improvement collaboratives in general surgery, we are also diversifying our work into other surgical specialties to support them to improve. HandsFirst (our new quality improvement collaborative to improve care for patients experiencing hand trauma) has already recruited participant hospitals and is scheduled to commence in autumn 2021.

Good practice guidance

COVID-19 resources

Since March 2020, our good practice guidance has been central to the College's work to support surgeons, surgical care teams and patients in their response to the COVID-19 pandemic. In addition to contributing to crucial wider guidance published

across the surgical and healthcare sector, we have led the development of the following resources:

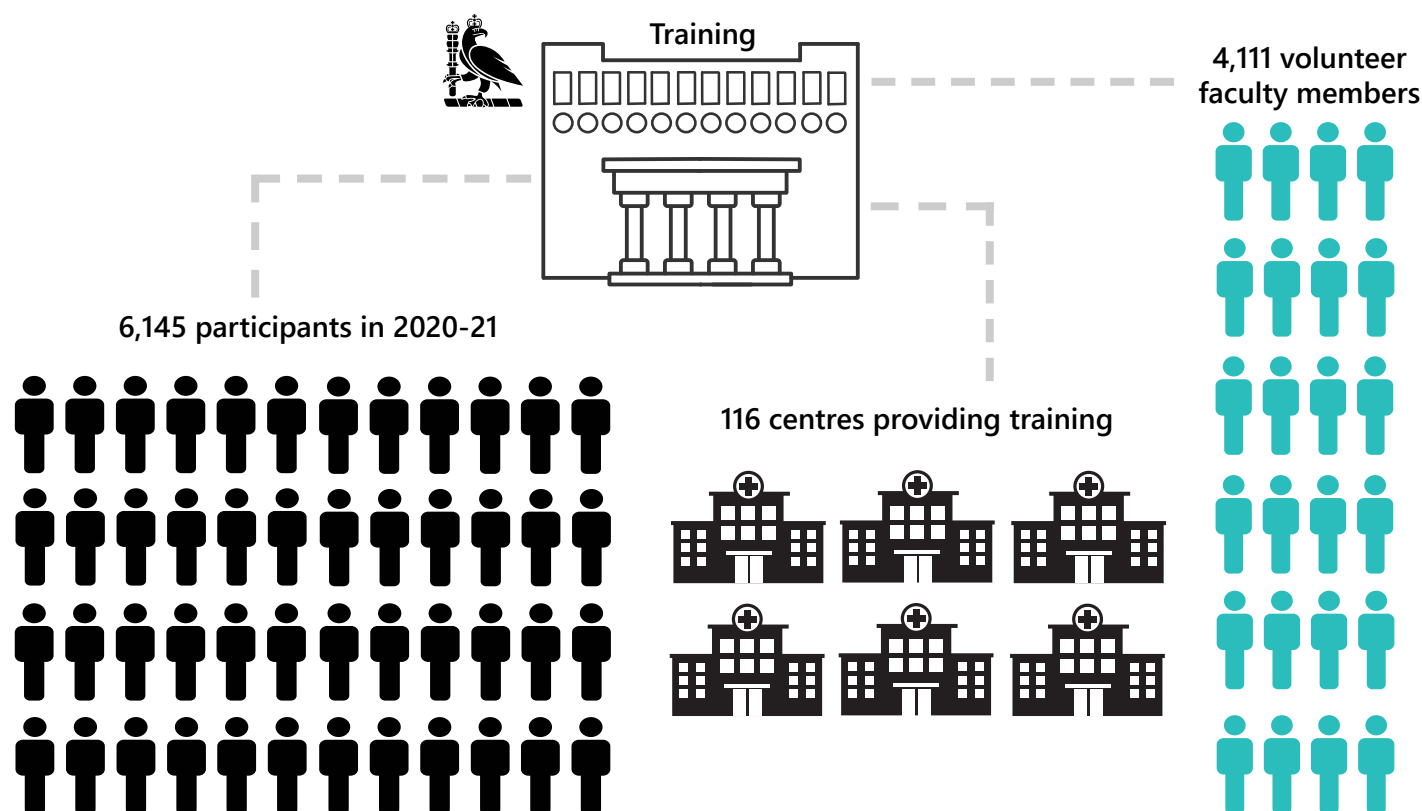
COVID-19 RESOURCES

- **COVID-19:** Good practice for surgeons and surgical teams
- Recovery of surgical services during and after COVID-19
- **Recovery tool 1:** Checklist for restarting elective services
- **Recovery tool 2:** Safety considerations and risk assessment
- **Recovery tool 3:** Information for patients
- **Recovery tool 4:** Virtual consultations
- **Recovery tool 5:** Consent
- **Recovery tool 6:** Wellbeing of surgeons
- **Recovery tool 7:** Managing elective surgery
- Vaccine-induced thrombosis and thrombocytopenia – neurosurgical, gastrointestinal, vascular.

Wider good practice guidance

Having paused the development of our core good practice guidance to support the College's immediate response to the COVID-19 crisis, we recommenced our creation of new good practice

The year 2020–21 also saw the approval our 100th RCS England Senior Clinical Fellowship.



guidance resources in October 2020. The expert resources developed included:

- **Supporting Surgeons After Adverse Events** (December 2020)
- **Quality Improvement in Surgery – Basic Principles** (March 2021)
- **A Trainee's Guide to a Quality Improvement Project** (March 2021)
- **Managing Disruptive Behaviours in Surgery** (April 2021).

Invited review and accreditation

We undertook important work to assure and improve the quality and safety of patient care, completing 25 individual, service and clinical record reviews. Our accreditation team accredited 132 continuing professional development events, 27 courses, 23 UK surgical education centres and a further 25 surgical education centres globally. The year 2020–2021 also saw the approval of our 100th RCS England Senior Clinical Fellowship.

Research fellowships and surgical trials

Despite the devastating impact of COVID-19 on surgery, we are proud to have been able to sustain

a thriving programme of research fellowships and wider awards, thanks to the continuing support of our extremely generous and longstanding funding partners. New research fellowship partnerships established in 2020–2021 comprise:

- Barrow Foundation UK
- Brain Research UK
- McIndoe's Guinea Pigs Memorial Trust
- Ileostomy and Internal Pouch Association (who kindly established the RCS England Neil Mortensen Research Fellowship in Inflammatory Bowel Disease).

Several pump priming grants were awarded to support COVID research, with this being made possible by the RCS England Winter Appeal, the Rosetrees Trust, the Saven Research and Development Programme, and other RCS England research restricted funds. We worked closely with all our trainees to enable them where necessary to put their research fellowships on hold and temporarily return to their hospitals to support the efforts of the NHS to respond to the pressures of the specific COVID-19 peaks, while maintaining momentum with their crucial research.

We continue to support the 7 groundbreaking surgical trials centres and now have 22 surgical specialty leads in post, taking forward a thriving programme of work to support UK surgical trials.

Clinical effectiveness

The College's Clinical Effectiveness Unit works closely with the surgical specialty associations to conduct large-scale studies into the quality of surgical care. Its portfolio of work covers four national clinical audits on breast, bowel, prostate and oesophagogastric cancer as well as national studies of vascular surgery, emergency bowel surgery, and the care received by children with cleft lip and palate. These studies publish annual 'state of the nation' reports that are used by NHS services, healthcare regulators, and policy makers to improve the quality of care for patients.

The Clinical Effectiveness Unit also produces summary reports for patients and the public, written with charities like Breast Cancer Now, and publishes articles in peer-reviewed medical journals. Of the various initiatives that flow from this work, the unit has also continued to support a quality improvement programme with the Vascular Society to improve the care of patients with critical limb threatening ischaemia.

Learning and assessment

Learning

Our learning offer is central to our strategic aims, supporting our members and meeting the current and future needs of the surgical workforce. Highlights of this year have included the following:

- We maintained high quality face-to-face training throughout the pandemic, working closely with our partner and regional centres, and with our faculty to ensure that courses were COVID safe and that the disruption to surgical training was minimised.
- We delivered training to 6,145 participants in 2020–21, working with 116 centres. Our 4,111 volunteer faculty members are the essential backbone without whom this would not be possible.
- We set up our brand new Professional Surgical Centre, ready to deliver courses from September



2021. The Professional Surgical Centre is a state-of-the-art surgical training facility, bringing together tried and tested educational methods and essential knowledge and skills for surgeons with evidence-based technology-enhanced learning.

- We integrated new technology into our future offer, working with exceptional quality anatomical imagery, and we increased our virtual and remote learning offer, running entirely online faculty development, launching virtual classrooms and releasing new PGCert modules. A total of 143 students enrolled on the PGCert course and 759 modules were purchased across the year.
- We increased our professional development offer, particularly focusing on leadership skills, human factors and teamwork.

Our surgical learning and innovation podcast, *The Theatre*, has gone from strength to strength, attracting 10,119 listeners in 2020–21. Among our successes, we collaborated on a series about health inequalities with Melanin Medics and released another series focusing on learning conversations around LGBTQ+ experiences.

The Global Affairs team has supported trainees whose placements have been affected by the reorganisation of services to cope with the pandemic.

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Global engagement

The Global Affairs team has been successful in establishing a number of projects with partners during the year to progress its strategic aim of improving surgical care and outcomes globally. These include:

- Partnership for Surgical Systems Strengthening – this will enable the College to work with the Somaliland Ministry of Health Development and the Somaliland Medical Association to produce the country's first national surgical, obstetric and anaesthesia plan. Partners include the Somaliland Nursing Anaesthesia Network and Hargeisa Group Hospital, which is the country's largest public hospital.
- Humanitarian Surgery Initiative – this will focus on how technology and innovation can be harnessed to deliver training courses, assist in surgical management and assist with direct delivery of surgery in austere environments. Partners include Médecins Sans Frontières and Stanford University. This initiative is being supported by the UK Humanitarian Innovation Hub.
- Working to establish a global surgery policy unit in collaboration with the London School of Economics – this will undertake policy research

to provide the evidence base for informing and engaging decision makers.

- Continuing to work with the Ministry of Health and Population in Egypt as it reviews its postgraduate surgical training programme.

The International Surgical Training Programme (ISTP) and the General Medical Council's (GMC's) Sponsorship Scheme have continued to operate during the COVID-19 pandemic, and the Global Affairs team has supported trainees whose placements have been affected by the reorganisation of services to cope with the pandemic. In 2020–21, the team facilitated 137 new training placements for international medical graduates in 31 NHS trusts. Of these, 78 were matched through the ISTP and 59 through the Sponsorship Scheme. In relation to the ISTP Projects and Research Fund, the College made three new grant awards to ISTP trainees in 2021:

- Professor Oscar Fernandez-Diaz (Mexico) – to establish the first microsurgery simulation centre in western Mexico.
- Professor Shilpa Sharma (India) – to develop a simulation model for paediatric laparoscopy.
- Dr Satyendra Persaud (Trinidad and Tobago) – to establish a laparoscopic training laboratory.

A 2020 grant recipient, Dr Charles Mabedi, was awarded continuation funding to expand his task-shifting pilot on the management of urological emergencies. This further funding includes following up on patient outcomes and documenting the impact.

Training and assessing surgeons

We are a leading national and international centre for surgical and dental assessment. Across our 14 different qualifications for which we run assessments, we sought to address the considerable challenge

of COVID-19 by delivering the majority of these remotely from autumn 2020. As restrictions around travel and congregation ease, we are now in the process of identifying how best to deliver our assessments moving forwards; central to this is the identification of changes introduced in response to COVID-19 that should remain in perpetuity or be developed further, rather than simply a reversion to pre-COVID practices.





As restrictions around travel and congregation ease, we are now in the process of identifying how best to deliver our assessments moving forwards.

We returned to face-to-face diplomates ceremonies in October 2021.

Such considerations focus on three areas: the use of technology, improved accessibility and increased sustainability. We are looking to build on the use of technology within our assessments, not just to improve candidate experience but also to enhance the quality and consistency of assessment material with the incorporation of high definition images and videos. Remote assessment, meanwhile, has enabled candidates to sit our examinations safely during the pandemic; we want to look at future delivery models that retain that accessibility as part of a modernised approach to written assessments in particular. Finally, we are seeking to resume our international oral and clinical examinations activity by establishing a template for assessing candidates based overseas without the need for large-scale travel on the part of staff and examiners. This is a necessity at present but points to a more sustainable longer-term solution to continuing the important role our examinations play in raising standards in clinical practice overseas.

The Joint Committee on Surgical Training (JCST), which we host on behalf of all four surgical colleges

in the UK and Ireland, enrolled 543 new specialty trainees during 2020–21. It also recommended 457 trainees for certification (including 18 in Ireland), and evaluated 137 Certificate of Eligibility for Specialist Registration applications and reviews on behalf of the GMC.

During the disruption brought about by COVID-19, the JCST took it upon itself to actively support and guide trainees affected by the pandemic. It worked closely with the four statutory education bodies, the GMC, the Confederation of Postgraduate Schools of Surgery and trainee associations (Association of Surgeons in Training and British Orthopaedic Trainees Association) to support surgical trainees and trainers across the UK. Some of the work undertaken is highlighted below:

- Publication of a number of **statements** that included guidance on a range of areas such as the annual review of competence progression, examinations and national selection as well as signposting to other resources;



- publication of a guidance document on voluntary **recording of COVID-19 related experience** in the Intercollegiate Surgical Curriculum Programme to aid trainees who were redeployed;
- publication of a document on **maximising training opportunities**, highlighting the importance of ensuring that surgical training continues to happen (with the latest version endorsed by the four surgical royal colleges), which was also linked to the JCST's **#NoTrainingTodayNoSurgeonsTomorrow** campaign;
- development of **curriculum derogations**, with support from the statutory education bodies and approval from the GMC, to allow trainees to continue to progress through their training (including being able to meet national selection requirements for entry to specialty training) without being penalised owing to cancellation of examinations, for example;
- following approval from the Curriculum Assessment Group and in line with the GMC's *Excellence by Design* curriculum standards, development of a new assessment tool (the **multiple consultant report**), which went live alongside the new **curricula** in August 2021. During the year, the JCST, together with its clinical leads, also delivered a variety of webinars and other events to ensure that trainees and trainers on the ground were all aware of the multiple consultant report, the new curricula requirements and subsequent changes to the learning agreement. The Intercollegiate Surgical Curriculum Programme website underwent some upgrades and improvements as well; and
- eLogbook and annual review of competence progression data collection to inform discussions between the statutory education bodies, royal colleges and government to highlight the impact of the pandemic on surgery as well as more specifically, surgical training – some of these data are published on the JCST website.

The four surgical royal colleges in the UK and Ireland, and the relevant surgical specialty associations representing cosmetic surgeons, reaffirmed their commitment to delivering the Cosmetic Surgery Certification Scheme by coming together to form the Intercollegiate Cosmetic Surgery Oversight Committee. A new route to certification was launched to encourage established cosmetic surgeons in good standing with their professional association to certify with the scheme and certification was expanded to cover non-invasive procedures. Work continues with the GMC to introduce a GMC-regulated credential in cosmetic surgery.

We remained actively engaged with Health Education England, the Academy of Medical Royal Colleges, NHS England, the GMC and the surgical trainee associations to support trainees whose training was affected by the COVID-19 pandemic. We continue to use our influence to ensure that trainees are able to regain access to training opportunities (particularly

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where these take place in the independent sector), and to ensure that no trainees are disadvantaged as a result of their involvement in supporting the NHS and patient care during the pandemic.

Working with our colleagues in the Royal College of Surgeons of Edinburgh, we have set up a bicollegiate project to develop and support the extended surgical team. The first stage of this involves the redevelopment of the surgical care practitioner curriculum, development of a managed voluntary register for surgical care practitioners and work towards achieving regulation via the GMC.

The Joint Committee on Surgical Training (JCST), which we host on behalf of all four surgical colleges in the UK and Ireland, enrolled 543 new specialty trainees during 2020–21.

Supporting dental surgery and the wider dental profession

The Faculty of General Dental Practice (UK) (FGDP) formally separated from the College on 30 July 2021 after a long and fruitful partnership of almost 30 years. During its time with the College, the FGDP succeeded in establishing itself as the professional home for primary care dentistry, and continued to work hard during the course of its final year to serve its members and the wider dental profession while finalising its plans to become a separate entity as the College of General Dentistry. (See note 24.)

2020–21 saw the FGDP supporting the dental profession in its recovery from COVID-19 with its influential guidance on dentists' return to practice, the Dean's blog and associated webinars, and its summaries of other published guidance. Online publishing continued to provide an excellent platform to extend the reach of the FGDP's member journal, *Primary Dental Journal*, and also its *Standards in Dentistry* during these unprecedented times.

The FGDP has left three of its current diploma programmes with the College to be run under the expert tutelage of the College's dental surgery faculty. The Faculty of Dental Surgery (FDS) has also been able to offer a home to those FGDP members who wished to remain with the College and were eligible for FDS membership. We are now proud to count a significant number of general dental practitioners among our dental surgery membership and will be working hard to expand our membership offer to suit their needs in the coming year.

Dental surgery's year

COVID-19 has continued to dominate the work of the FDS throughout 2020–21. We have been listening to our members and striving to highlight their concerns, including in regular meetings with senior health officials such as the Chief Dental Officer. We also conducted an all-member survey on the resumption of dental services, published in October 2020. This identified the main challenges that dental professionals have faced during the pandemic, such as the impact that the requirement for dentists to leave 'fallow time' between patients has had on the number of people they can treat. Towards the end of this report year, we ran a follow-up survey to understand how service recovery has progressed since the resumption of routine treatment in summer 2020, the results of which were published in August 2021.

In addition, the Faculty's campaign to tackle child tooth decay continues to be a central focus of its communications work. During the year, the FDS Dean gave a number of national media interviews to discuss the impact that the disruption to dental services has had on children's oral health and the importance of prevention. We are pleased that the government's health and care bill includes provisions that will make it easier to introduce community water fluoridation initiatives as well as new restrictions around junk food advertising, and we continue to press government to implement other policy commitments such as extending the delivery of supervised tooth brushing schemes in England.

The FDS received 700 media mentions during the year to 30 June 2021.

The FDS continues to be a leading provider of dental education nationally and internationally, supporting dentists and other members of the

dental team. Our courses and training programmes range from general professional training for dentists and allied professionals to specialist training and continuing education. We continue to run e-Den, our successful online interactive educational programme developed in collaboration with Health Education England, which now boasts registrations in excess of 46,000.

Recognising the severe challenges facing our members owing to COVID-19, we have been especially proactive in repurposing many of our existing face-to-face courses for online delivery. This has worked well, particularly as several FDS examinations were similarly adapted for online delivery. Membership feedback and the large audiences attracted confirm that our increased digital profile via online delivery of courses and through a suite of webinars has proved most welcome. More recently, we were able to run our first virtual careers conference, with more than 200 registrations. The event was launched alongside resources that should prove valuable for younger members yet to decide on a career pathway.

The FDS continues to be a leading provider of dental education nationally and internationally, supporting dentists and other members of the dental team.

Promoting public and professional engagement

Library

A new five-year (2020–2025) strategic plan for the library and archives was approved at the start of the year, with an ambitious set of departmental objectives (focused around the primary themes of access, outreach and engagement) having been set out in the document. This was followed by the development of a dedicated two-year (2021–2023) marketing plan for the library and archives to coincide with the return to the College's new

building, and the re-establishment of library and archives services on site.

The library has continued to provide members with access to a wide range of important electronic resources (e-journals, e-books and online anatomy applications) throughout the year, with usage having increased slightly compared with the previous year. Furthermore, access to all e-resources has been significantly enhanced as a result of the procurement and implementation of a new consolidated library, museums and archives discovery service called Ovid Discovery. This system went live in January 2021 and has resulted in strong online engagement with library, museum and archives collections, with 4,564 searches having been carried out between January and June on the Surgical Library platform, and 4,427 searches carried out on the combined London Metropolitan Archives Heritage Collections platform.

In addition, our library enquiries service continued to run during the year. A total of 517 enquiries were received, which represents an increase of 11.5% on the previous year. The enquiries covered a wide range of topics, from copyright questions to family history enquiries. We also continued to process document delivery requests from fellows and members as well as from other libraries, with 109 requests having been completed during the year. A total of 115 literature searches were conducted for members, which is slightly fewer than last year.

Unfortunately, as a result of staffing changes in the library, we were only able to provide our specialty *Updates* service for the first seven months of the year, with the service having to be temporarily suspended while we recruited and trained new staff. During these 7 months, we issued 37 specialty *Updates* to members. These all received excellent 'open' and 'click through to full text' rates, with the trauma and





orthopaedics *Updates* receiving the highest click through rates.


Library staff have also continued to collaborate with the Royal College of Radiologists on a two-year project to support the development of a large set of referral guidelines.


Over the course of 2020–21, final preparations were put in place for the return of the library and archives collections to the Barry building during the summer of 2021, and for the opening of the





 April 2021:
Practical
completion

 9 September 2021:
Council, family
and friends launch
(ceremonial event)


 September 2021:
The View becomes
operational


 November
2021: Archive
service opens


 January 2022:
Professional
Surgical Centre
opens (where
learning,
educational
activities and
examinations
will take place)

 1 September 2021:
Option to return
to the office for
the new normal

 October 2021:
First Diplomates
ceremony
and Council
meeting held

 November
2021: Lumley
Library opens

 January 2022:
The Anatomy
and Pathology
Centre opens

 Early 2023:
Hunterian
Museum opens

new library and the resumption of library services in the Barry building in November 2021. During this period, the library has continued to work closely with our external storage partners to ensure that those collections that we are unable to bring back to the Barry building are retained in optimal long-term off-site storage facilities.

Archives

Our collections continued to be accessible for some of the year, courtesy of an arrangement with the London Metropolitan Archives to temporarily store and provide access to our archives while our building programme is ongoing. However, access was not possible during the COVID-19 lockdown periods owing to the London Metropolitan Archives being closed at these times and access was also limited during the months in between lockdowns. In total, 21 researchers accessed the archives collections and 113 items were viewed by researchers during the 4 months of the year in which the archives were accessible. In addition, during the year, a total of

331 archives enquiries were received and answered by the archives staff. These were from RCS England fellows and members, RCS England staff, academic researchers, the media, genealogists, and other archives and museums.

Several online blog posts have been created and published, as well as other social media posts, aimed at both members and the general public. Moreover, a new digital exhibition, *Depicting Anatomy: The Hunt for Unalloyed Reality*, was launched to showcase images from rare anatomy books held in the library's collection. This received excellent feedback and strong viewing figures.

A number of archives-themed virtual outreach events were also held during the year. These included a talk to Swansea University Medical School students, and a seminar for the general public held in collaboration with the London School of Economics and the London Metropolitan Archives.

Work continued throughout the year on submitting biographies to *Plarr's Lives of the Fellows*, with a total of 9,985 records having been made available online by the end of the year. Plans were put in place to mark the 10,000th *Plarr's Lives* biography later in the

year. There were 127,581 visitors to the *Plarr's Lives* website during the course of the year, with 28,797 searches carried out.

Museum collections and services

Museum conservation and learning staff were on furlough during the COVID-19 lockdown periods, and when able to be in the Nuffield building, they packed and prepared objects for the move to the new Barry building and to off-site storage. The museum staff continued to operate a service for research and image provision and licensing until April 2021, when the move of the collections commenced. The move was successfully completed by the end of June. Agreements have been made with the Natural History Museum for longer-term storage for key College collections while high value paintings are stored with the fine art specialist Constantine.

Hunterian Museum

Work continued on the design of the new Hunterian Museum, due to open in early 2023. Development of the interpretation through research, label and panel text writing, and images and audiovisual content collation were the main focus of the curatorial team.

127,581
visitors to the
*Plarr's Lives of the
Fellows* website over
the last year.

£202,000
received in legacy
gifts left to the
College in the last
year.

9,985
records
have been made
available on the
*Plarr's Lives of the
Fellows* website
over the last
year.

Anatomy and Pathology Museum

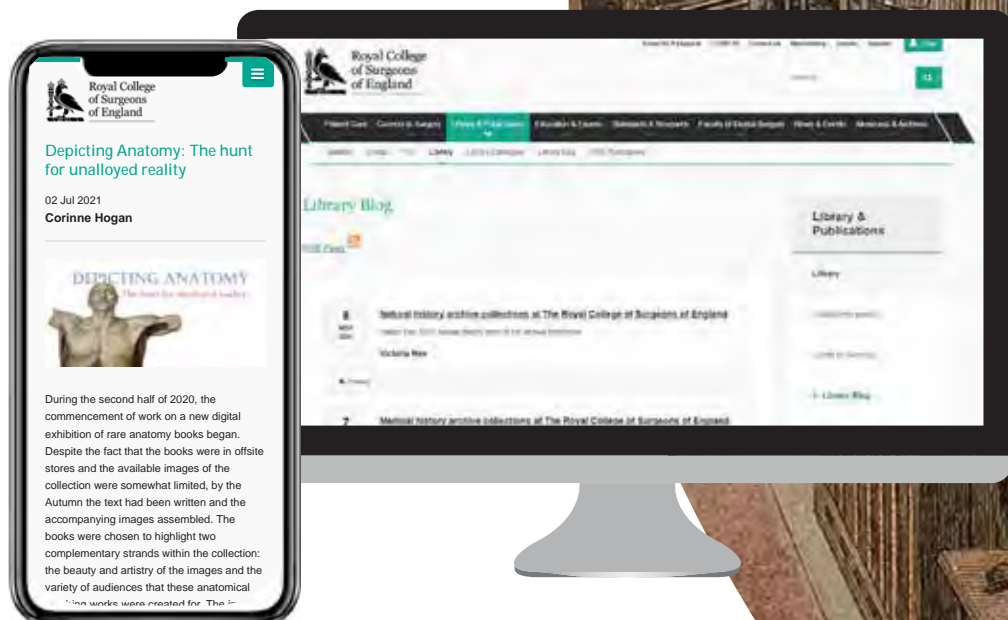
All collections held under Human Tissue Authority licence were moved into stores in the new Barry building while the new Museum of Anatomy and Pathology is being prepared for opening in January 2022.

Fundraising

We receive significant charitable funds every year from our donors and supporters. These funds support an impressive range of projects and activities undertaken in pursuit of our charitable objects. This year, we raised more than £3 million for surgical research, education, and the library, museum and archives, and also for the redevelopment of our headquarters, where targeted appeals to College bodies such as the Court of Examiners have generated a great deal of interest and support. We are very grateful to the members of Council who have championed these appeals as well as to those who have given generous personal donations and all will be appropriately recognised within the College's new building.

The reopening of our building will present fresh opportunities for support and fundraising, particularly from the corporate sector. We are in conversation with several corporate supporters (current, past and new) regarding a 'corporate patrons' scheme. We extend our gratitude to all our donors and supporters, and to those who have remembered us in their wills, with gifts totalling £307,000 this year.

Work continued on the Hunterian Museum, which is due to reopen in 2023.



Our new home of surgery

Our stunning new headquarters were formally handed over to us following practical completion on 30 April 2021. This has been an immensely challenging year in which to complete such a significant capital development project, and we thank all our partners and our staff on this project, who have worked tirelessly over several years to bring this about (www.rcseng.ac.uk/transform).

Site operations continued uninterrupted throughout the year despite the national lockdown and restrictions put in place as the course of the pandemic unfolded. Our site operations were managed at all times in accordance with COVID-19 government guidance and we would like to thank all site personnel, who worked under difficult circumstances to ensure that construction works were able to be completed.

There remains one final but hugely important phase of the development project to be delivered. This is the base build and fit-out works of the iconic Hunterian Museum. Work commenced in May 2021 on this phase and is expected to be completed by December 2022. We are looking forward to opening the Hunterian Museum to the public early in 2023.

We were pleased to be able to welcome our surgical specialty association colleagues back to the College building in May, as well as some of our own staff, who have been preparing the building and its facilities for the general welcome back of members and staff in September 2021. While the vast majority of staff worked from home throughout 2020–21, we put in place appropriate COVID-secure measures in our buildings to enable safe working for those permitted under government guidance to attend the office.





The building was handed over at the end of April 2021, and the formal opening of the building is scheduled to be held in 2023.

On 30 June 2021, we formally handed over our Nuffield premises to the London School of Economics, with whom we had agreed a long lease in 2017 and from whom we had rented the property to provide interim accommodation during the redevelopment. This handover followed the successful completion of our programme to move operations into our new home and, most importantly, to manage the safe and careful removal of our precious collections into their new location.

The Anatomy and Pathology Study Centre will reopen in January 2022.

Looking ahead

We remain committed to being recognised as a modern, forward-thinking College that both embraces our heritage and reflects a professional approach to our work.

We launched our new strategy in July 2021 at the same time as opening our new building and shortly after the publication of Baroness Helena Kennedy's report on diversity, equity and inclusion (DEI). The coming year will be dominated by the implementation of plans to take forward those pieces of work, with membership, digital and DEI being the key themes.

The opening of our new building gives us the opportunity to bring back courses and, in due course, exams. We will resume trading through our commercial partner Searcy's after a hiatus of more than four years. The fit-out of the new Hunterian Museum will also get underway, enabling us to welcome back the public in early 2023.

Although receding in the UK, COVID-19 will still impact our work, notably in the provision of international exams. We will continue to work with our sister colleges to find ways to overcome these challenges.

ACTION PLAN

Dec 2021
SAS messaging audit

Dec 2021
Grassroots organisations report

Jan 2022
Anti-discrimination training for staff and Council members

June 2022
Parents in Surgery report

June 2022
Differential attainment exams report

Dec 2022
Launch refreshed emerging leaders programme

Dec 2022
Launch of Diversity, Equity and Inclusion research fellowships

Dec 2022
Leadership reform report

Dec 2022
Launch of mentoring

Dec 2022
Data collection, monitoring and career tracking





Financial Review

This has been a challenging but also a successful year as we responded to the continuing uncertainty and disruption brought about by the global coronavirus pandemic. We took swift action early on to protect our major revenue streams by putting in measures to ensure continuity of delivery wherever possible, most notably deploying remote assessment for much of our examinations portfolio for the first time. Overseas exams were regrettably disrupted as global travel restrictions hit but this has also provided us with an opportunity to reassess our approach to overseas exam delivery to render it more resilient in future.

Our financial performance has been boosted by a sizeable net gain on our fixed asset investments this year of £10.9m, helping to translate a net expenditure position of £2.65m (2020: £2.25m) into an overall net income position of £8.22m (2020: £177k) and to move total funds managed to £145m.

This is the final year where we carry the property charges associated with temporary accommodation arrangements although these will be replaced in future periods by substantial depreciation charges associated with our redeveloped freehold property. If we discount these, the FRS 102 pension liability and employee benefits adjustments, and the cost of debt, we can see that despite the recent stresses on our underlying activities, we have succeeded in posting an underlying surplus before debt charges of £1.38m, an improvement of £662k on our 2020 operating position. This is set out in the table below.

Underlying position	2021 £000	2020 £000	Change £000
Net income/(expenditure) before investment gains	(2,645)	(2,248)	(387)
Operating lease, freehold and leasehold depreciation	3,018	2,610	408
Loss on disposal of fixed assets	30	-	30
FRS 102 pension liability change	178	136	42
FRS 102 employee short-term benefits accrual change	334	224	110
Debt interest	469	-	469
Underlying net income/(expenditure)	1,384	722	662

£0.56m of this improvement flows from our unrestricted activity, where income has held up well and expenditure has fallen back, helping to deliver a pleasing surplus of just over £2.6m. Overall restricted and endowed income and expenditure levels have remained broadly unchanged from 2020. These results and changes from 2020 are summarised in the table below.

Underlying position	2021 £000	2020 £000	Change £000
Underlying income	26,920	26,713	207
Underlying expenditure	25,536	25,991	(455)
Underlying net income/(expenditure)	1,384	722	662
Net contribution as % of income	5%	3%	
Unrestricted funds	2,637	2,082	555
Restricted and endowed funds	(1,253)	(1,360)	107
Underlying net income/(expenditure) by source of funds	1,384	722	662

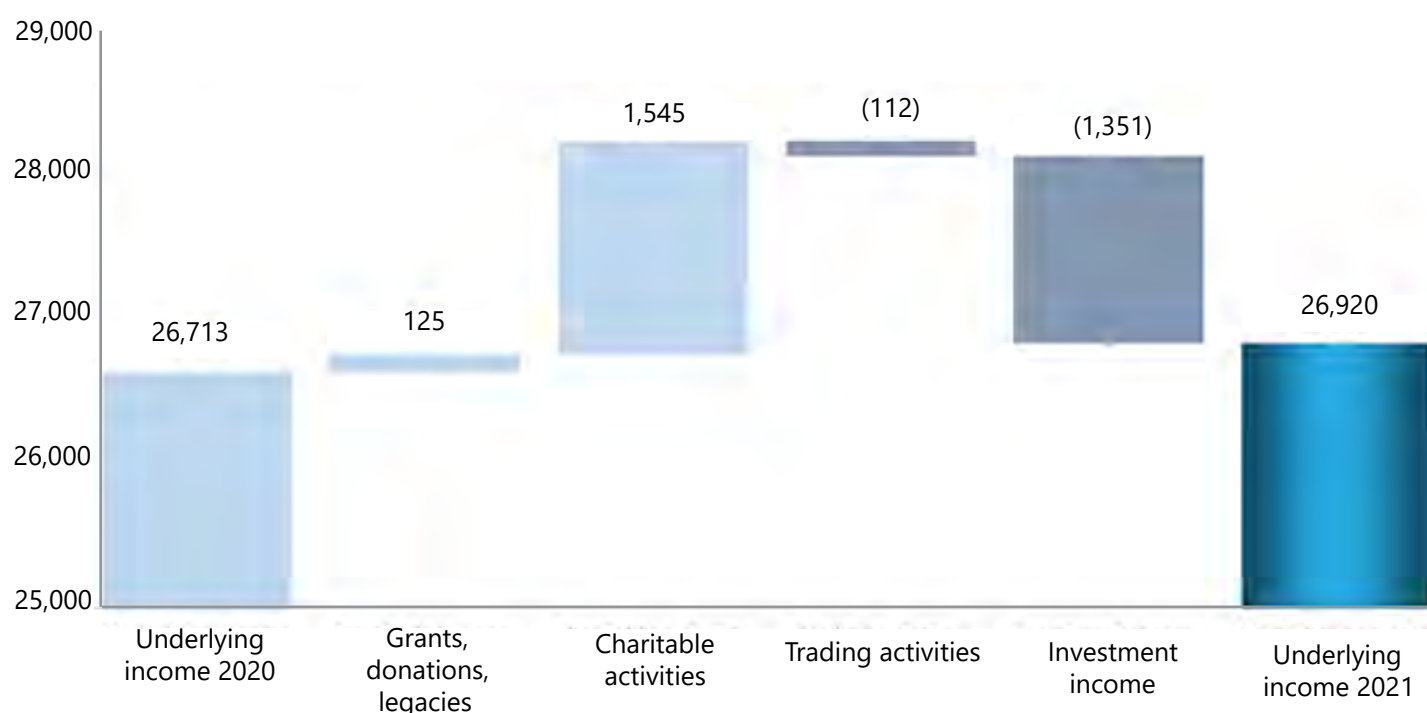
Restricted and endowed activity levels can vary quite significantly from year to year but 2021 saw another year of stable income and expenditure activity, giving rise to a net expenditure position of £1.25m, marginally below 2020.

Unrestricted funds have been the beneficiary this year of a revaluation gain of £3.6m on investment property and together with £1.7m of net unrealised gains on the investment portfolio, these funds have now risen by 4% to £98.6m. Endowed funds have risen by 9% to £41.2m, having also benefitted from a £5.15m gain on the investment portfolio, and despite the 21% increase in funds applied this year. Restricted funds have increased by just under £0.9m to £5.3m, reflecting an increase in income reported but slightly lower expenditure.

Underlying income

Income is up 1% or £207k to £26.92m. We have seen a rise of £1.5m in our charitable activity income but this has been broadly offset by a £1.4m reduction in investment income. Exam fee income has recovered higher, reflecting the revenue security delivered through the move to online assessment, but revenue still remains below 2019 levels. Course fee income fell back slightly again as a combination of social distancing measures and lower delegate demand during the lockdown periods led to some cancelled and postponed activity. Our subscription income has risen 2% on 2020, with trainee subscriptions higher this year and membership fees remaining broadly stable. Overall membership numbers have fallen 3.5% to 27,753. The shift downwards is expected as we start to see a change in our member base with the departure of the FGDP. However, our core surgical membership remains strong with a rise recorded in fellow and member numbers, and looking ahead, we will welcome in the new year a number of former FGDP members into membership of the Faculty of Dental Surgery.

Change in underlying income from 2020



Investment income has fallen sharply this year and now stands at £0.6m (2020: £1.95m). This is expected and is in part a consequence of the move from an income strategy to a total return strategy for the unrestricted investment portfolio and in part a reflection of the longer-term asset allocation strategy being pursued by our investment partners, JP Morgan, which places greater emphasis on capital appreciation.

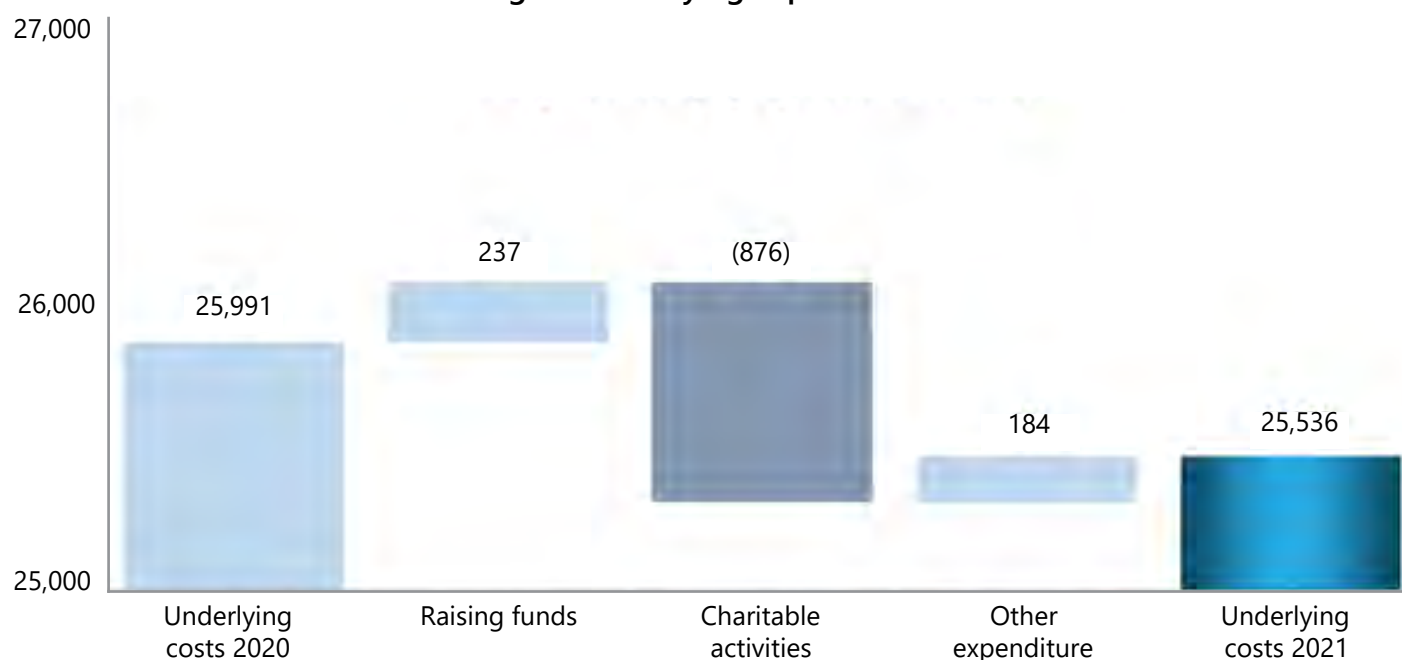
Overall, grants, donations and legacies remain at 18% as a share of income (2020: 18%), investment income falls from 7% to 2% as a share and charitable activities represent 79% of income this year (2020: 74%).

Underlying expenditure

Underlying expenditure has fallen 2% or £0.45m to £25.5m with unrestricted expenditure 2% down on 2020 at £19.2m. This includes a 4% fall in charitable activity expenditure reflecting a second consecutive year of dampened activity. Underlying expenditure stands 8% down on 2019 pre-pandemic levels. We have reported significantly lower course and exam expenditure under the two dental faculties, reflecting a combination of suspended and reduced activity, as well as some running down of activity ahead of the departure of the Faculty of General Dental Practice (UK). Other areas have remained relatively unchanged as we have continued to deliver across our full range of professional services and engagement programmes.

Much of our programme of professional activity as outlined in the trustees' report is supported by our restricted and endowed funds. Total expenditure against these funds was this year unchanged at £6.3m. Our programme of research and clinical effectiveness projects has delivered £4.9m of activity this year (2020: £4.5m), and 94 research awards were made, up from 79 in 2020, including 1 new three-year research fellowship and 10 new dental fellowships.

Change in underlying expenditure from 2020



Net assets

Net assets have increased by £8.22m to £145.09m. Fixed assets increased by £39.5m with property assets increasing by £26m and investments increasing by £12.7m. These reflect the final capital additions on completion of the freehold property redevelopment and the gain arising from the new investment property in respect of the leasing of the second floor as well as the net unrealised gains on our externally managed investment portfolios. The capital works costs have been financed from the long-term loan of £40m settled in the year. Cash holdings have increased by £7.3m and current liabilities have decreased by £1.4m, helping to improve the current ratio to 1.2 from a negative working capital position in 2020.

Hunter Trading Ltd

Our financial statements consolidate the results and financial position of our wholly owned subsidiary, Hunter Trading Ltd (note 15). The company ceased marketing of conference and residential facilities at the end of 2016–2017 to allow the College to prepare the Nuffield property for accommodation of its operations during the redevelopment. The company has continued to trade throughout this period albeit at a significantly reduced level. The company has delivered a profit of just £2k for this year (2020: £7k). With the opening of the redeveloped freehold property in May 2021 and the vacation of the Nuffield premises completed by 30 June, the next financial year will see the restart of conference trading activity with the launch of The View, our new iconic conference and events venue. The venue and our other hospitality spaces will be run by our catering and events partner, Searcys, a long established independent and highly respected catering company.

Financial outlook

We reached a hugely significant milestone this year with the completion of the redevelopment of our freehold property. Despite the challenges posed by the ongoing coronavirus pandemic, the construction work was able to continue during the course of the year, and as a result of much hard work and determination by all our partners involved in the project, we were successfully granted our practical completion certificate on 30 April. Our staff had also worked hard in difficult circumstances to ensure that we succeeded in bringing our operations back into our new headquarters by the end of the Nuffield lease term and financial year.

We are now looking forward to our first year of activity in our redeveloped building. We will start running a range of courses from our dedicated, state-of-the-art professional surgical centre and exams in our custom-designed examinations suite. We have reopened the doors of our historic library to our members and visitors, and will be making use of our open plan offices and multiple meeting spaces to bring about new opportunities for collaboration and engagement throughout all areas of the College's work.

We secured long-term investment through the £40m private placement issue with Pension Insurance Corporation plc in early November 2020. With the main redevelopment project completed, the loan is providing us with an additional cash buffer in the shorter term to support our operations and initiatives as we emerge from the challenges of this past year of national lockdowns and restricted activity.

The new year has already seen the departure of the Faculty of General Dental Practice (UK). This will give rise to a reduction in our underlying operating surplus in the short term but we have been working for some time on expanding and developing our revenue streams through new commercial ventures and the launch of the

Membership of the Faculty of Dental Surgery (MFDS) examination to replace the joint dental faculty exam (MJDF) as well as through extending our global reach and influence on a financially beneficial basis.

We are committed to delivering continuous improvement and cost efficiency within our operations as part of our package of measures to improve our financial position and to manage ongoing cost pressures such as rising USS and SAUL pension scheme contributions. Our strategy to transform the organisation must be underpinned by strong, resilient finances that provide future investment capacity for our professional and business priorities, and ensure that we meet our repayment obligations that will fall due in five years' time under the private placement.

This past year has seen a difficult and protracted consultation on the funded status of the USS pension scheme between employer representatives and the trustee of the scheme. The 2020 valuation has now been completed (early October 2021) with agreement reached on the measures to fund the technical provisions deficit and importantly, to limit the level of increase to member and employer contributions set previously for 1 October 2021. While the immediate threat of higher unsustainable contribution increases has abated, the financial position of the scheme and the ongoing level of support it seeks from employers is a continuing cause for concern.

The liability we disclose in respect of this scheme has decreased this year but we remain alert to the possibility under the scheme's Monitoring and Action Framework that short-term corrective actions such as higher contributions or accelerated valuations could be taken in the event that the scheme's funded status is affected adversely by market volatility. We continue to monitor the position closely and to support employer representatives in their efforts to keep the cost of pension benefits at an affordable level.

Reserves policy

Our reserves comprise unrestricted funds, and restricted and endowed funds. The restricted and endowed funds result from grants, donations and legacies, which can only be applied for a purpose specified by the donor or grantor and are not available for general purposes. We aim to carry out the activities and projects supported by these funds on a timely basis in accordance with the purposes and conditions specified. Restricted and endowed funds total £46.5m at 30 June 2021 (notes 17 and 18).

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

Fixed assets fund

The fixed assets fund comprises the funds invested in fixed assets that the trustees consider essential in enabling the College to effectively implement its operational strategy. The fund represents the net book value of unrestricted tangible and intangible fixed assets, and is net of associated long-term loan funding. We held £68.8m in the fixed assets fund at 30 June 2021 (2020: £77.85m). The fund includes now only £1.66m of assets in the course of construction in respect of the ongoing works to build and fit out our new Hunterian Museum.

Designated funds

Designated funds are funds that the trustees have earmarked for specific purposes. Since 2014 and prior to this year, a total of £72.8m of general funds had been designated to be held for specific purposes, with £70.7m of funds set aside for the redevelopment of our London premises, and £2m of funds earmarked to support the digital and IT transformation agenda. £72.6m of these funds had been expended as at 30 June 2020 and only £0.22m of designated funds remained in respect of digital transformation. These funds have now been fully expended at 30 June 2021. A further £1.5m has now been designated to support the next phase of digital transformation and new systems investment.

General funds

In accordance with Charity Commission guidance, the trustees set a target range for the level of free reserves, or general funds, that the College should maintain to ensure its financial security and funding of its business plan. Free reserves or general funds are defined as total unrestricted funds less fixed assets and designated funds. The trustees determine that a prudent target range for the College's free reserves is between 75% and 100% (ie between 9 months and 12 months) of gross annual unrestricted operational expenditure. This equates to a target range of £17.5m to £23.3m for 2020-21.

This range is set taking into account:

- the risk of fluctuating income and expenditure levels;
- the risk of an unexpected need for funds;
- the need to provide working capital for the College's current operational and future development activities;
- the need to meet its annual obligations under the long-term loan arrangement put in place in 2020;
- funding shortfalls in the USS and SAUL defined benefit pension schemes, and future increases in employer contributions to eliminate these shortfalls.

General funds stand at £26.3m at 30 June 2021. This is a rise of almost £8m or 44% on the prior year (2020: £18.3m). This represents 113% (2020: 81%) of unrestricted operating expenditure and therefore stands above the maximum of the target range. An allocation is made from general funds to provide for the pension liability, which represents the discounted value of the deficit funding contributions. This does not imply a significant constraint over the use of reserves for the foreseeable future other than to ensure monthly contributions are met and budgeted for accordingly. The general reserves have increased largely as a result of the long-term loan settlement that is now in place and that has financed the remaining capital works and also replenished the general reserves for the £4.7m of construction costs accrued in the prior year. A further £1.5m of general funds has been designated for the delivery of the digital transformation agenda.

We continue to take a prudent view in terms of our projected operating surpluses over the next 24 months, and given the uncertainties that still remain from the global pandemic and the wider economy. We remain steadfast in the pursuit of our longer-term objectives of financial sustainability so that we not only meet our future annual debt obligations but also ensure that we maintain an appropriate level of free reserves to enable the College to withstand future unexpected events as well as delivering on our priorities.

Fundraising

The College aims to raise funds in accordance with best practice, and in an open, legal and fair manner. We have effective systems in place to monitor and maintain these standards, and to ensure communications with supporters are undertaken in a considered and balanced manner.

We are registered with the Fundraising Regulator and undertake our fundraising activities with reference to the Code of Fundraising Practice. We review each year our data protection processes to ensure full compliance with the General Data Processing Regulation (2018). We do not engage commercial partners or volunteers to raise funds on our behalf. If complaints and concerns are raised, these are taken seriously, responded to promptly and handled in accordance with the College's complaints procedures, which are available on our website. We did not receive any complaints in respect of our fundraising activity this year (2020: nil).

Investment policy

We invest for the long term, and we invest to generate the best overall returns from our unrestricted and endowed funds in order to support both ongoing operational activity and activity undertaken in line with the specific purposes of the endowed funds. We seek to achieve this through diversified risk-controlled investment. We have adopted a total return strategy for all of our invested funds, and a more global and broader asset allocation strategy in order to ensure that we continue to achieve the best returns going forwards in what is a changing investment landscape.

Both portfolios are expected to deliver a minimum total return of CPI plus 4% and to provide sufficient cash to support relevant annual expenditure commitments. We are now in the second year of our investment partnership with JP Morgan, and they have continued to take action during the year to pivot the portfolios increasingly towards our long-term asset investment strategy reflecting greater geographical and asset class diversification.

Climate change has been a constant and major topic of discussion and concern this year as we head towards the 26th UN Climate Change Conference (COP26) to be held in November 2021 in Glasgow. We have issued a statement on ethical investing that sets out our clear commitment to sustainable and responsible investing, and that strengthens our commitment to divesting from fossil fuels. We now seek to divest from all exposure in fossil fuels by 2030, and will build up our investments in green energy renewables and infrastructure in support of the green economy. This statement has the full support of our Council members, whom we thank for their engagement and insightful contributions to the discussions held during the year as we formulated our position.

We have adopted an environmental, social and governance (ESG) integrated investment model in order to deliver on our ethical investment commitments. Our investment approach excludes direct investment in fossil fuels, tobacco, alcohol, and controversial and conventional weapons, and we aim to minimise our levels of indirect exposure to these sectors through regular ethical screening and careful selection of fund managers with strong ESG credentials. We consider that our ESG-focused investment approach will enable us to meet our long-term return profile and will therefore provide the funds to support our professional and operational objectives.

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

Investment portfolio performance

The Finance and Investment Committee oversees all matters pertaining to financial planning and performance, including investment management, and advises and reports on a regular basis to the Board of Trustees on the performance of the investment portfolios and the appointed fund managers.

Both portfolios are now managed on a total return basis and are structured to enable the College to continue to receive an annual cash distribution of up to £2m to support its ongoing operations and restricted activities. The move away from an income focus will inevitably lead to a lower level of investment income being recognised each year and greater focus placed on overall investment performance. Portfolio investment income was down £1.2m or 73% at £0.45m this year (2020: £1.65m) but the investment portfolio delivered an overall investment gain of £7.27m compared with £2.38m in 2020. A cash distribution of £2.2m was made against the restricted and endowed

portfolio at the end of the year in order to replenish operating cash balances for endowed fund expenditure and this led to a final return net of fees of 7.8% for the year (2020: 4%). The net return before divestment was 11.3%, a very strong performance during a year of volatile market conditions.

Total return accounting

The College adopted total return accounting for its permanently endowed funds in 2014–2015. A base date of 24 June 1992 was approved for determining the permanent capital value of the endowed funds, based on the market value of the permanent endowments at that date, plus the original value of any subsequent additions. The value of these investments was frozen and classified as frozen permanent capital, and the remaining value of the investments was classified as unapplied total return.

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

A total of £1.82m was applied in the year and together with investment management fees of £264k, the total applied from the endowed funds was £2.1m. This represents an application of 5.5% in the year, which is a full 1% above the top of the target rate range. The cumulative total applied since the adoption of total return accounting is now just below the cumulative maximum target level for this same period and we will continue to need a strong investment performance going forwards to meet spending plans at current rates.

Key management personnel

Key management personnel are defined as members of the executive team and directors as set out on page 53 of the trustees' report.

The Remuneration and Nominations Committee oversees matters relating to structure, composition and effectiveness of the Board of Trustees, and provides assurance to the Board that the College has an effective strategy to deliver an effective and high performing workforce. The Committee oversees issues relating to the remuneration of staff with specific responsibility for making recommendations to the Board regarding overall remuneration policy, including approving salaries and conditions of service at director level and above. The Committee receives recommendations from the Head of Human Resources based on a detailed market review benchmarked to similar organisations carried out biannually as well as through the annual performance appraisal process. Based on this advice, the Committee makes recommendations to the Board of Trustees on the remuneration and benefits of the Chief Executive and other senior postholders.

Details of remuneration for the year ended 30 June 2021 are set out in note 8 of the financial statements.

Risk management

The Board of Trustees views robust risk management and control as fundamental to support the College in defining and achieving its strategic objectives. The College operates a 'three lines of defence' model, has a separate risk and compliance function, and an independent internal audit. All risks have a clear owner, and are managed, mitigated and reported.

The Board is ultimately responsible for the management and control of the College's risks, and sets the College's risk appetite. The Board has overall responsibility for ensuring that we have appropriate and adequate risk management processes in place to support the delivery of our strategic plans. Trustees regularly review and assess risks across all areas of the College's activities.

The Audit and Risk Committee is responsible for advising the Board of Trustees on statutory financial reporting, and for overseeing and reviewing the systems of financial governance and risk management. These systems are designed to manage rather than eliminate risk and provide reasonable assurance that mitigating actions are adequate. Trustees have delegated elements of the risk management process to the Audit and Risk Committee, staff members and professional advisors. The Audit and Risk Committee is responsible for the appointment of the internal auditor and external auditor.

During this year, the Audit and Risk Committee has overseen a review and refresh of the College's approach to risk management. The Board of Trustees has put in place a robust framework consisting of our new risk management policy, our risk appetite statement, and departmental and corporate risk registers.

Council is responsible for all substantive matters relating to the professional and public policy in terms of the mission and strategic aims of the College and those that support the College's members. Council delegates some of its powers and functions to subcommittees and other groups. Risks are reported to the Board of Trustees through the Audit and Risk Committee.

The Chief Executive, supported by the wider executive directors team, is responsible for ensuring that risk management procedures are in place, that departmental and project risk registers are regularly reviewed, and that key risks and risk movement are reported appropriately. Every member of staff is responsible for managing risk as part of their daily role.

The COVID-19 crisis brought considerable risks and uncertainty. Trustees, supported by Council, ensure continued oversight of the College's response in order to ensure that we remain financially strong, support our people/staff and continue to support our members, who have been at the forefront of the response to the pandemic. The executive team developed a revised short-term strategy following extensive Council and staff consultation, allowing the College to be agile in its response to the pandemic while developing a revised five-year strategy.

The short-term strategy was supported by an annual operational plan with progress reported regularly to the Board of Trustees. Our short-term priorities were to:

- undertake an urgent review of the the College business model in light of the COVID-19 crisis and its impact on existing income streams;
- focus policy around key priorities;
- complete the new building development;
- continue to deliver professional activities and to develop long-term resilience;
- continue to improve the membership offer;
- deliver strong financial management and improved IT systems;
- develop stronger Faculties;
- maintain an efficient, effective, skilled, motivated and diverse workforce.

We have identified what we consider to be the key risks and challenges for the College during this period, and these are summarised in the table below.

Risk	Mitigation
Global pandemic – that the College suffers a major loss of income (both in the UK and overseas), delays to projects and impacts on wellbeing of staff during ongoing period of lockdowns as a result of COVID-19	<ul style="list-style-type: none"> • The College's business continuity plan was tested during COVID-19 and individual plans were adjusted for each department's circumstances. Technology allowed the majority of staff to work remotely. Our focus remains on staff wellbeing and support. • Development of more flexible ways of working, including all RCS England meetings via Microsoft Teams • Use of technology has allowed the College to continue to offer strong membership support including online seminars and events. • Successful delivery of some exams remotely (including MRCS part A)
Financial resilience – reduction in income from various income streams across the College due to COVID-19	<ul style="list-style-type: none"> • A long-term strategic financial planning model was developed to provide a forward view of the operating position, cash flow and reserves, and early identification of performance pressures and options to redress position.
Safeguarding the charity's assets	<ul style="list-style-type: none"> • Trustees approved a revised financial plan and budget to ensure the College remains financially strong and is able to continue to meet the needs of our members during the pandemic. • Reforecasts have been discussed regularly in detail at Finance and Investment Committee meetings. • Private placement concluded in September 2020 • Close working with investment managers to ensure investment income is protected as far as possible from volatility of stock market

Risk	Mitigation
Organisational and building transformation	<ul style="list-style-type: none"> • The plan to redevelop our estate formed a central plank of the transformation programme. The strategic, financial and operational risks were subject to rigorous oversight and planning. Risks were identified and mitigated to ensure an operationally efficient, technologically smart and financially sustainable organisation. • The plan for the building transformation programme identified all necessary tasks and dependencies for delivery. This was closely reviewed and progress was monitored by trustees, the Audit and Risk Committee, and the Finance and Investment Committee. • The risks arising from the impact of COVID-19 on the building construction were closely monitored and mitigated, and while there were some delays, the project was brought to successful conclusion. • Effective professional support was identified to ensure optimum value is delivered for the College, our membership and our external stakeholders.
Meeting regulatory obligations	<ul style="list-style-type: none"> • Detailed departmental risk register identifying risks and mitigations, managed by information governance manager • Mandatory e-learning training course (information security and data protection) must be passed by all staff annually. • Raising awareness of the General Data Protection Regulation to ensure that staff are familiar with policies and guidance, and that the data protection officer is a point of contact for advice • The Information Governance Steering Group was refreshed. Reporting to the executive directors team, it ensures regulatory requirements are reviewed regularly and implemented operationally.
Separation of RCS England's Faculty of General Dental Practice (UK) to establish the College of General Dentistry	<ul style="list-style-type: none"> • The College managed the process well, putting governance and strong project management in place. • The separation was completed successfully on 30 July 2021.
The continuing impact of COVID-19 on staff	<ul style="list-style-type: none"> • Regular communication with staff • A full review of terms and conditions has been undertaken, introducing a more flexible approach to working and improvements. • Organisational diagnosis undertaken by external consultancy • Introduction of mental health first aiders.

A number of emerging risks were identified and informed the development of the College's new five-year strategy.

A clear and focused strategy

Our new five-year strategy (2021–26), *Changing the Face of Surgery*, sets out our vision of excellent surgical care for everyone and we aim to achieve this by enabling our diverse members to deliver excellence in everything they do. Throughout implementation, we will ensure focus on the risks that may affect our ability to deliver our strategic aims, including continued pressures on the NHS and regulatory changes. Our strong governance and engagement framework will also help to ensure we are able to respond to and manage any risks to our strategic objectives.

Digital capability

We are investing to ensure that our IT transformation is fit for purpose, and that it supports the College's strategy and future growth plans. This includes a new customer relationship management system and a new website to enable optimum user experience. Our digital capability will underpin the wider College strategy and allow us to meet our strategic objectives, ensuring our members are able to engage with us easily.

Diversity and Inclusion

The College commissioned an independent review on diversity and inclusion, led by Baroness Helena Kennedy QC. This is a key element of our strategy, which focuses on promoting diversity, inclusion and fairness both within the College and across the surgical and dental profession, embracing difference and ensuring that our profession and the College remain at the forefront of patient care.

Continued impact of the COVID-19 pandemic

The coronavirus pandemic and the possibility of a further wave in the coming winter presents significant risk, especially in terms of our ability to run examinations and courses under these circumstances. We have already taken action to deliver some of our exams online, and we are actively looking at further online delivery for other exams and courses. Other revenues, such as membership fees, are recognised as being more resilient, with our webinars, policy and press communications, and wellbeing initiatives providing important support for our fellows and members.



Going concern

The College has been reasonably successful at managing the inevitable disruption to its professional and business activities caused by the global pandemic and the resulting national lockdowns and travel restrictions endured over the past 18 months. As we emerge from this period of uncertainty and begin to build up our activities again, we do so mindful of the potential for further disruption in the coming winter months and therefore of the continuing financial uncertainty. The College has undertaken a robust review of its financial position and its financial resilience in the face of future disrupted revenues and activities for the period up to 30 June 2023.

We prepare our annual budget for the forthcoming year in late spring. This involves a prudent assessment of the potential opportunities and threats to our revenue streams before the plan is finalised and approved. This next year will be the first year of operation without the FGDP. While we will see a reduction in our overall revenues and loss of contribution as a result of the FGDP's departure, we are also anticipating some compensating growth in our revenues as we rebuild our core examinations and courses offers, making use of our brand new onsite course and exam facilities, and welcome a pleasing number of former FGDP members fully into our College membership.

The trustees consider that our primary revenue streams remain broadly resilient, that demand is reasonably stable and that we can continue to deliver the majority of our revenue-generating activities in this continuing climate of uncertainty. Our membership revenues have also held up well. The financial position will be regularly reviewed and updated to reflect emerging situations so that the College can take prompt action to manage and minimise any adverse impact on its financial position.

We have updated our long-term revenue and cash projections for our latest results and annual plan, reflecting a phased recovery in the operating position over the next 18–24 months. With £40m of long-term financing secured in November 2020, the College has been able to complete the redevelopment of its freehold property on time and has sufficient cash reserves to conclude the remaining capital works in respect of the Hunterian Museum as well as to support its general operations over the next 18–24 months. The projections set out the minimum long-term operating surplus target that the College must achieve in order



to meet its interest and repayment obligations in the medium to longer term. The projections have also been stress-tested. Management will continue to drive forwards its transformation agenda and development of a new business model that will deliver longer-term financial sustainability.

The trustees are satisfied that the College is in a position to successfully manage its operational and financial risks. The trustees consider that it is reasonable to expect that the College has adequate resources to continue in operational existence for the foreseeable future and therefore support the going concern basis in preparing the annual accounts.

Corporate trustee responsibilities

The College is a corporate trustee of the Colledge Family Memorial Fellowship Trust. This trust holds investments and assets in its own name, and its activities are entirely separate from those of the College.

Colledge Family Memorial Fellowship Trust

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

The value of the Colledge Family Memorial Fellowship Trust endowed fund at 30 June 2021 was £2.7m (2020: £2.3m) and its restricted fund was £28k (£2020: £70k).

Other trustee responsibilities

Sir Ratanji Dalal Research Scholarship Fund

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

The value of the Sir Ratanji Dalal Research Scholarship endowed fund was £0.7m at 30 June 2021 (2020: £0.6m) and its restricted fund was £114k (2020: £91k). The financial statements are audited by Crowe UK LLP.



Funding Partnerships

As a registered charity (charity number: 212808), the College relies on charitable support to underpin our work in advancing surgical standards through education, research and training.

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

Foundations, charitable trusts, associations and individuals

Association of Coloproctology of Great Britain and Ireland	Lollipop Foundation
Association of Upper Gastrointestinal Surgeons	Mary Kinross Charitable Trust
Barrow Foundation UK	Masonic Charitable Foundation
Blond McIndoe Research Foundation	McIndoe's Guinea Pigs Memorial Trust
Bowel Cancer UK	Miss Leela Kapila OBE FRCS
Bowel Disease Research Foundation	Mr Bernard M D L Cazelnove TD
Brain Research UK	Mr Bjorn Saven
British Association of Plastic, Reconstructive and Aesthetic Surgeons	Mr Leon J Grant
British Association of Paediatric Surgeons	Mr Mark Glatman
British Association of Urological Surgeons	Mr Paul E O'Flynn FRCS
British Orthopaedic Association	Mr Paul W S Muller FRCS
British Society for Surgery of the Hand	National Joint Registry
Brock Webb Trust	Pancreatic Cancer Research Fund
Bryan Guinness Charitable Trust	Pancreatic Cancer UK
Cadogan Charity	Provincial Grand Chapter of Devonshire
Circulation Foundation	Provincial Grand Chapter of Essex
Edwin George Robinson Charitable Trust	Rockcliffe Charitable Trust
ENT UK	Rosetrees Charitable Trust
Frances and Augustus Newman Foundation	Shears Foundation
Freemasons Fund for Surgical Research	Sir John Fisher Foundation
G M Morrison Charitable Trust	Society of British Neurological Surgeons
George Drexler Foundation	Society for Cardiothoracic Surgery in Great Britain and Ireland
Gilbert & Eileen Edgar Foundation	SPARKS (Great Ormond Street Hospital)
Golden Bottle Trust	St Jude's Charity
Health Education England	Swann-Morton Foundation
Heartbrun Cancer UK	Vascular Surgical Society of Great Britain & Ireland
Huggard Charitable Trust	Westminster Foundation for Research into Intestinal Disease
Ileostomy & Internal Pouch Association	Worshipful Company of Barbers
Joseph Strong Frazer Trust	Worshipful Company of Needlemakers
Hon Society of Knights of the Round Table	Wyndham Charitable Trust
Linder Foundation	

Corporate Support

B Braun Medical	Molnlycke Health Care
Chase De Vere Medical	Rociale Healthcare
Edwards Lifesciences	Smith and Nephew Healthcare
Eido Healthcare	Stryker Corporation
Ethicon UK	TruCorp Ltd
Karl Storz Endoscopy (UK)	Zimmer Biomet
Limbs and Things	

Endowed and Restricted Funds

Alban Barros D'Sa Scholarship Fund	Henry Lumley Charitable Trust
Arthritis Research Trust Fund	Margaret Witt Scholarship Fund
Blond McIndoe Fund	Philip and Lydia Cutner Fund
Doctor Shapurji H Modi Memorial ENT Fund	Preiskel Family Fund
Fellows Fellowship Fund	Sorab (Soli) Jamshed Lam Research Fund
Harold Bridges Bequest	Vandervell Research Fund

Legacies

The late Sir P A Bramley for the Faculty of Dental Surgery	The late Mr A G Neville for general charitable purposes
The late Ms S E Dodd-Sheppard for surgical research	The late Ms V Openshaw for cancer research
The late J E Eastley for general charitable purposes	The late Mr T R Peacock for general charitable purposes
The late Dr H P L Falla for surgical research	The late Mrs J B Proffitt for general charitable purposes
The late Miss P A George for education and training	The late Mrs E Rashleigh for research into heart disease
The late Mr D P Goodwin for general charitable purposes	The late Mr E S Roberts for research into crohn's disease
The late Ms M Hayes for surgical research	The late Ms D Whittington for general charitable purposes
The late Mr R J Luck for education and training	The late Mr B T Williams for Project Transform
The late Mr A R Mowlem for general charitable purposes	

Structure, governance and management

Charter

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

Constituent parts

For administrative purposes, the College comprises the Commonalty of Surgeons, the Faculty of Dental Surgery (FDS) and the Faculty of General Dental Practice (UK) (FGDP). The FGDP separated from the College on 30 July 2021.

Trustees

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

Officers

President	Professor N Mortensen (from 9 July 2020)
	Professor D Alderson (to 9 July 2020)
Vice-Presidents	Mr T Goodacre (from 9 July 2020)
	Mr T Mitchell (from 9 July 2020)
	Miss F Myint (from 8 July 2020)
	Professor C Shearman (to 8 July 2020)
	Miss S Hill (to 9 July 2021)
	Professor N Mortensen (to 9 July 2020)

Deans of the Faculties

FDS Dean	Mr M Garrett
FGDP Dean	Mr I Mills (to 25 June 2021)
	Dr A Pal (from 25 June 2021 to 30 July 2021)

Elected Trustees

Professor P Friend (from 8 July 2021)
Miss R Hargest (from 8 July 2021)
Miss V Lees (from 8 July 2021)
Mr J Abercrombie (to 8 July 2021)
Mr P Kay (to 8 July 2021)
Miss F Myint (to 8 July 2021)

Lay Trustees

Mr P Davé
Lord Amyas Morse
Mr R Greig (from 23 July 2020)
Mr M Hussey (to 1 July 2021)
Mr D Whitney (to 2 July 2020)
Mr Simon Davis (from 1 October 2021)

Members of Council

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

Elected surgical and dental fellows

Mr J Abercrombie	Miss S Vig
Mr W Alum	Mr A Ahmed (from 9 July 2021)
Professor F Bhatti	Professor P Brennan (from 9 July 2020)
Professor P Friend	Miss R Hargest (from 9 July 2020)
Miss S Hill	Professor I Loftus (from 9 July 2020)
Mr P Kay	Professor F Smith (from 9 July 2020)
Mr R Kerr	Mr L Wijesinghe (from 9 July 2020)
Miss V Lees	Mr C Lavy (from 8 July 2021)
Mr T Mitchell	Miss N Yassin (from 8 July 2021)
Professor N Mortensen	Mr P Lamont (to 8 July 2021)
Miss F Myint	Mrs S McNally (to 8 July 2021)
Mr A Nanu	Professor D Alderson (to 9 July 2020)
Mr P O'Flynn	Mr M Bircher (to 9 July 2020)
Miss V Pegna	Professor N Standfield (to 11 July 2020)
Professor S Porter	Mr T Terry (to 9 July 2020)
Professor T Rockall	

Surgical specialty association members

Mr S Dover	Mr N Phillips
Mr J Glass	Professor P Sagar
Mr T Goodacre	Professor J Skinner
Mr S Kendall	Mr P Spraggs
Mr E Nicholls	Professor C Shearman (to 8 July 2021)

Governance

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

All trustees and Council members are given an induction and ongoing training on their responsibilities and other matters as required.

The trustees are aware of the Charity Governance Code published in 2017, which sets out the principles and recommended practice for good governance within the sector. The trustees are committed to maintaining high standards of governance and are satisfied that the College applies the principles of the code within its current governance arrangements. The College's compliance with the Code will be reviewed on an annual basis.

The committees of the Board of Trustees were:

Committee	Chair
Audit and Risk Committee	Mr P Davé
Finance and Investment Committee	Lord A Morse
Remuneration and Nominations Committee	Mr R Greig (from 2 July 2020)
	Mr D Whitney (to 2 July 2020)

The committees of Council were:

Committee	Chair
Learning & Assessment Committee	
Overall Responsibility	Miss F Myint (from 8 July 2021)
	Mr C Shearman (to 8 July 2021)
Learning	Mr R Kerr (from 8 July 2021)
	Mr T Mitchell (to 8 July 2021)
Dental & Surgical Examinations	Mr M Garrett (from 8 July 2021)
	Miss F Myint (to 8 July 2021)
Library, Museums & Archives	Miss F Myint
Quality Assurance	Mr A Nanu
Research & Quality Committee	
Overall responsibility	Mr T Goodacre
Research Fellowships and Lectureships	Professor P Friend
Global Affairs Committee	
Overall responsibility	Mr T Goodacre (from 8 July 2021)
	Miss S Hill (to 8 July 2021)
Global Policy and Advocacy	Miss S Hill (from 8 July 2021)
	Mr A Nanu (to 8 July 2021)
Global Surgery Programmes	Miss S Hill (from 8 July 2021)
	Professor V Lees (to 8 July 2021)

Membership Engagement Committee	
Overall Responsibility	Mr T Mitchell
Annals and Bulletin Editorial	Mr J Glass
Future Surgeons Forum	Mr J Skinner (from 8 July 2021)
Commission on the Future of Surgery	Mr R Kerr
Regional and Devolved Nations	Mr T Mitchell (from 8 July 2021)
	Miss S Hill (to 8 July 2021)
SAS Forum	Ms V Shekar
WinS Forum	Professor F Bhatti (to 10 September 2021)
	Miss T Cuming (from 10 September 2021)
Sustainability in Surgery	Miss S Vig

The Faculty of Dental Surgery reports to Council and forms part of the business of the Board of Trustees. The

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

The Board of Trustees delegates to the Chief Executive responsibility for the day-to-day management of the College and the Chief Executive delegates management of specific functions to executive directors, each of whom is responsible for a portfolio of directorates.

Subscribing fellows and members elect the members of Council and the boards of the two dental faculties.

Fellows and members as at 30 June 2021	2021	2020
Commonality of Surgeons		
UK	13,888	13,517
Overseas	4,855	5,438
Affiliates	2,416	2,518
Total	21,159	21,473
Faculty of Dental Surgery		
UK	2,620	2,677
Overseas	716	705
Total	3,336	3,382
Faculty of General Dental Practice (UK)		
UK	1,906	2,225
Overseas	14	24
Affiliates	101	137
Total	2,021	2,386
Joint Members of FDS and FGDP		
UK	508	501
Overseas	34	32
Total	542	533
Joint Members of FDS and FGDP (MJDF)		
UK	532	715
Overseas	163	259
Total	695	974
Total fellows and members		
UK	21,971	22,290
Overseas	5,782	6,458
Total	27,753	28,748

Management

Principle managers employed during 2020-21

Chief Executive	Mr A Reed
Deputy Chief Executive	Mrs J Weller
Executive Director (Resources)	Ms J Porritt
Executive Director (Learning & Quality)	Mr S Hills
Executive Director (Membership, Marketing, Communications)	Ms L Davies (from 1 September 2021)
Director of Finance	Ms C Hibbs
Director of Dental & Surgical Exams	Mr A Landau
Director of Engagement	Ms L Davies (to 31 August 2021)
Director of Learning	Ms L Goldring
Director of Library and Archives	Mr R Williams
Director of Membership	Ms N Rowe
Director of Museums	Ms D Kemp
Director of Research & Quality Improvement	Mr R Tomlinson (from 10 March 2021)
Head of Research	Mr M Coomer (retired 17 March 2021)
Director of Strategy, Training and Workforce	Ms K Smith
Registrar of the Faculty of Dental Surgery	Ms H Johnstone
Director of the Faculty of General Dental Practice (UK)	Mr S Thornton-Wood (to 30 July 2021)

Statement of trustees' responsibilities

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

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

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

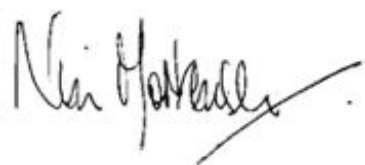
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject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

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

Auditor

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

Signed on behalf of the members of the Board of Trustees on 28 October 2021.




Professor N Mortensen
President of Council
Chair of the Board of Trustees

Mr T Mitchell
Vice-President of Council
Member of the Board of Trustees

Independent auditor's report

to the members of The Royal College of Surgeons of England

Opinion

We have audited the financial statements of The Royal College of Surgeons of England ('the charity') and its subsidiaries ('the group') for the year ended 30 June 2021, which comprise the group statement of financial activities, the group and parent charity balance sheets, the group statement of cash flow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 30 June 2021, and of the group's income and expenditure 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 Financial Reporting Council'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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity or the group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. 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 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 54, 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's and the 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 151 of the Charities Act 2011, and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 International Standards on Auditing (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations, are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operate, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities Statement of Recommended Practice (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation, taxation legislation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management, and inspection of regulatory and legal correspondence, if any.

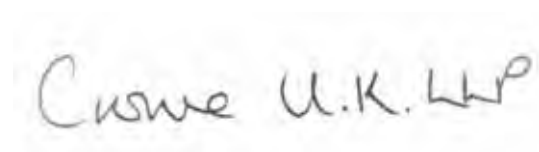
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, analytical review and sample testing of income, reviewing accounting

estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor
London
12 November 2021

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Financial Statements

Consolidated statement of financial activities for the year ended 30 June 2021

	Notes	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	Totals £000	2020 £000
Income from						
Grants, donations and legacies	5a	300	4,636	6	4,942	4,817
Charitable activities	5b	21,158	20	-	21,178	19,633
Trading activities	5c	127	72	-	199	311
Investment income ⁰	5d	311	21	269	601	1,952
Total income		21,896	4,749	275	26,920	26,713
Expenditure on						
Raising funds	6a	415	249	264	928	691
Charitable activities	6b	18,845	5,764	-	24,609	25,485
Other expenditure	6c	4,028	-	-	4,028	2,785
Total expenditure		23,288	6,013	264	29,565	28,961
Net income/(expenditure) before investment gains/(losses)		(1,392)	(1,264)	11	(2,645)	(2,248)
Net gains/(losses) on investments	11	5,320	392	5,155	10,867	2,425
Net income/(expenditure)		3,928	(872)	5,166	8,222	177
Transfer between funds	16, 17	74	(74)	-	-	-
Application of total return	18	-	1,818	(1,818)	-	-
Net movement in funds for the year		4,002	872	3,348	8,222	177
Balances brought forward at 1 July	19	94,589	4,416	37,864	136,869	136,692
Balances carried forward at 30 June	19	98, 591	5,288	41,212	145,091	136,869

The notes to the financial statements are on pages 65-102.



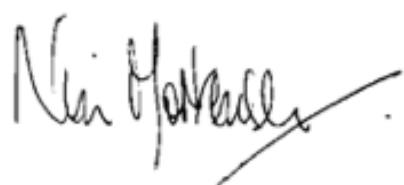
Consolidated balance sheet as at 30 June 2021

		2021		2020	
		Group £000	RCS England £000	Group £000	RCS England £000
Fixed assets					
Tangible fixed assets	9	102,947	102,947	76,989	76,989
Intangible fixed assets	9	1,672	1,672	860	860
Investments	11	78,672	78,672	65,968	65,968
Total fixed assets		183,291	183,291	143,817	143,817
Current assets					
Stock		68	68	66	66
Debtors	12	7,162	7,164	7,337	7,344
Cash and short-term deposits		13,417	13,417	6,149	6,149
Total current assets		20,647	20,649	13,552	13,559
Creditors: amounts falling due within one year	13	(17,208)	(17,210)	(18,646)	(18,653)
Net current assets/(liabilities)		3,439	3,439	(5,094)	(5,094)
Long-term liabilities					
Creditors: amounts falling due after more than one year	13	(37)	(37)	(74)	(74)
Defined benefit pension liability	20	(1,602)	(1,602)	(1,780)	(1,780)
Long-term loan	13	(40,000)	(40,000)	-	-
Total long-term liabilities		(41,639)	(41,639)	(1,854)	(1,854)
Net assets		145,091	145,091	136,869	136,869
Funds					
Fixed asset funds	16	68,820	68,820	77,849	77,849
Other designated funds		1,500	1,500	216,216	216
Property revaluation reserve	11	3,599	3,599	-	-
Pension reserve	20	(1,602)	(1,602)	(1,780)	(1,780)
General funds		26,274	26,274	18,304	18,304
Total unrestricted funds	16	98,591	98,591	94,589	94,589
Restricted funds	17	5,288	5,288	4,416	4,416
Endowed funds	18	41,212	41,212	37,864	37,864
Total funds		145,091	145,091	136,869	136,869

The notes on pages 65 to 102 form part of these financial statements.

The parent charity surplus for the year is £8.22m (2020: £177k).

Approved on behalf of the members of the Board of Trustees and authorised for issue on 28 October 2021.



Professor N Mortensen
President of Council
Chair of the Board of Trustees



Mr T Mitchell
Vice-President of Council
Member of the Board of Trustees



Consolidated cash flow statement as at 30 June 2021

		Total funds	
		2021	2020
		£000	£000
Net cash provided by/(used in) operating activities	A	(2,491)	(83)
Cash flows from investing activities:			
Dividends, interest and rents from investments		601	1,952
Purchase of property, plant and equipment		(33,206)	(39,736)
Proceeds from sale of investments		2,801	5,518
Purchase of investments		(437)	(5,376)
Net cash provided by/(used in) investing activities		(30,241)	(37,642)
Cash flows from financing activities:			
Net cash provided by/(used in) financing activities		40,000	-
Change in cash and cash equivalents in the reporting period		7,268	(37,725)
Cash and cash equivalents at the beginning of the reporting period	B	6,149	43,874
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the reporting period	B	13,417	6,149
A. Reconciliation of cash flows from operating activities			
Net income for the reporting period (as per statement of financial activities)		8,222	177
Adjustments for:			
Depreciation charges		2,205	1,997
(Gains)/losses on investments		(10,867)	(2,425)
Dividends, interest and rents from investments		(601)	(1,952)
Loss/(profit) on sale of fixed assets		30	-
(Increase)/decrease in stocks		(2)	(22)
(Increase)/decrease in debtors		175	(1,600)
Increase/(decrease) in creditors		(1,653)	3,742
Net cash provided by/(used in) operating activities		(2,491)	(83)
B. Analysis of cash and cash equivalents			
Current and short-term deposits		13,417	6,149
Total cash and cash equivalents		13,417	6,149

The notes on pages 65 to 102 form part of these financial statements.



Notes to the financial statements for the year ended 30 June 2021

1. Charity information

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

2. Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed investments, and in accordance with the Statement of Recommended Practice (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]), effective from 1 January 2015, and the Charities Act 2011. The College constitutes a public benefit entity as defined by FRS 102.

The financial statements consolidate on a line-by-line basis the financial statements of The Royal College of Surgeons of England and of its subsidiary undertaking, Hunter Trading Ltd (company number: 3110552), for the financial year ended 30 June 2021. Inter-group transactions are eliminated on consolidation. Hunter Trading Ltd is a private limited company incorporated in England and Wales.

The financial statements have been prepared on a going concern basis. The College has been reasonably successful at managing the inevitable disruption to its professional and business activities caused by the global pandemic and the resulting national lockdowns and travel restrictions endured over the past 18 months. As we emerge from this period of uncertainty and begin to build up our activities again, we do so mindful of the potential for further disruption in the coming winter months and therefore of the continuing financial uncertainty. The College has undertaken a robust review of its financial position and its financial resilience in the face of future disrupted revenues and activities for the period up to 30 June 2023.

The College prepares its annual budget for the forthcoming year in late spring. This involves a prudent assessment of the potential opportunities and threats to its revenue streams before the plan is finalised and approved. This next year will be the first year of operation without the Faculty of General Dental Practice. While we will see a reduction in our overall revenues and loss of contribution as a result of the FGDP's departure, we are also anticipating some compensating growth in our revenues as we rebuild our core examinations and courses offers, making use of our brand new onsite course and exam facilities, and welcome a pleasing number of former FGDP members fully into our College membership.

The trustees consider that our primary revenue streams remain broadly resilient, that demand is reasonably stable and that we can continue to deliver the majority of our revenue-generating activities in this continuing climate of uncertainty. Our membership revenues have also held up well. The financial position will be regularly reviewed and updated to reflect emerging situations so that the College can take prompt action to

manage and minimise any adverse impact on its financial position.

The College has updated its long-term revenue and cash projections for its latest results and annual plan, reflecting a phased recovery in the operating position over the next 18–24 months. With £40m of long-term financing secured in November 2020, the College has been able to complete the redevelopment of its freehold property on time and has sufficient cash reserves to conclude the remaining capital works in respect of the Hunterian Museum as well as to support its general operations over the next 18–24 months. The projections set out the minimum long-term operating surplus target that the College must achieve in order to meet its interest and repayment obligations in the medium to longer term. The projections have also been stress-tested. Management will continue to drive forwards its transformation agenda and development of a new business model that will deliver longer-term financial sustainability.

The trustees are satisfied that the College is in a position to successfully manage its operational and financial risks. The trustees consider that it is reasonable to expect that the College has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties for the period to 30 June 2023 that call into doubt the ability of the College to continue as a going concern.

3. Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements may require management personnel to make judgements and estimations in the process of applying the College’s accounting policies that have a significant effect on the carrying amounts of assets and liabilities in the accounts. The nature of judgement and estimation means that actual outcomes may differ from expectation, and may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

No judgements other than those involving estimations have been made by management personnel in the process of applying the College’s accounting policies in the preparation of these statements. Sources of estimation uncertainty may vary from year to year and these are reassessed each year to ensure disclosure remains relevant.

Significant areas of estimation uncertainty in respect of the financial statements to 30 June 2021 are set out below:

- Application of component accounting in respect of fixed asset items with significantly different useful economic lives
- Determination of useful economic lives for fixed asset items
- Apportionment of cost for a mixed use property
- Calculation of defined benefit pension scheme liabilities

3.1 Component accounting

The construction of the redeveloped freehold property was completed on 30 April 2021 and the property was brought into use from this date. The total redevelopment cost has been allocated across the relevant fixed asset classes. Major components in each asset class have been assigned depreciation measures that reflect their significantly different useful economic lives. This has been based on a detailed assessment of the construction contract provided by the capital programme's cost management consultants and discussions with the consultants to agree the principles of allocation in respect of costs not directly linked to physical assets. Management has revised the asset allocation only where required in order to ensure consistency of categorisation and alignment with standard asset accounting categorisations. Other assets in the class are grouped for depreciation purposes and allocated the depreciation measure of the nearest major component asset. Management considers that this approach provides a reasonable basis on which to depreciate all of the assets in each class. (See accounting policy 4.4.1 [Tangible fixed assets].)

3.2 Useful economic lives

The depreciation rates adopted in respect of the major components of each fixed asset class arising from the redevelopment of the freehold property have been based on useful economic lives determined by the capital programme's specialist construction cost management consultants. Depreciation rates in respect of other fixed asset items in operational use are based on a range of factors including warranty periods and average expected replacement cycles as determined by relevant management personnel.

3.3 Apportionment of cost for a mixed use property

The College intends to lease the second floor of its newly redeveloped freehold property to other organisations and the second floor therefore falls within the definition of an investment property. The investment property is measured at cost at initial recognition and is subsequently measured at fair value. The total cost of the freehold property has been apportioned between the net internal area and the gross internal area, and then to each floor on a net internal area basis using the area data from the architect approved floorplans. This provides a cost for the leased second floor that is then transferred from tangible fixed assets to fixed asset investments.

3.4 Defined benefit pension scheme liabilities

The College participates in two multi-employer defined benefit pension schemes where the College is exposed to actuarial risks associated with other participating entities and is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Where these pension schemes are in deficit on a technical provisions basis, in accordance with section 28 of FRS 102 ('Employee benefits'), the College recognises and discloses its share of the liability arising for contributions payable in respect of the deficit recovery agreement in existence at the date of approving the financial statements, and recognises the resulting expense in the statement of financial activities. The College uses a deficit recovery model issued by USS to calculate its share of the liability in respect of the USS pension scheme, making a number of estimations including discount rate, payroll and headcount growth to calculate the changes in the annual liability provision. The estimations are set out in note 20 (Pension liabilities and charges).

4. Principal accounting policies

4.1 Income

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

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

4.2 Expenditure

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

Expenditure in respect of charitable activities is categorised to reflect those areas of activity that support the delivery of the College's strategic priorities.

- 4.2.1 Employee costs include the net movement in year on the provision for annual leave accrued by employees in respect of services rendered as required by FRS 102.
- 4.2.2 Support costs are allocated to activities on a basis consistent with the use of these resources: building services costs are charged to departments and faculties based on area occupied; portering and cleaning services, finance, IT and human resources costs are allocated based on the number of full-time equivalent staff.
- 4.2.3 Governance costs comprise those costs incurred in relation to the overall strategic management of the College and the costs of compliance with statutory requirements, and under FRS 102, these are disclosed as part of support costs and allocated to other professional activities.
- 4.2.4 Overheads in relation to grant-funded projects are charged, where appropriate, on the basis of their activity.
- 4.2.5 Grants payable are charged in full in the period in which the recipients are notified of their award.
- 4.2.6 Fundraising costs comprise the costs incurred in encouraging others to make voluntary contributions to the College and its activities.

4.3 Taxation

The College is a registered charity incorporated by Royal Charter. As such, it is exempt from taxation on its income and gains to the extent that they are applied for its charitable purposes.

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

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

4.4 Tangible and intangible fixed assets

4.4.1 Tangible fixed assets

Freehold land is stated at historic cost. It is not depreciated as it is considered that its value is not impaired by the passage of time and therefore has an unlimited useful life.

Property development projects that are not completed at the year-end are shown as 'assets in the course of construction' and are not depreciated until they are brought into use on practical completion.

In accordance with section 17 of FRS 102 ('Property, plant and equipment'), all fixed asset items are measured at cost at initial recognition. All items of property, plant and equipment are measured after initial recognition using the cost model. Under this model, each fixed asset item is measured at cost less any accumulated depreciation and any accumulated impairment losses. Fixed assets are reviewed for impairment on an annual basis.

The freehold property redevelopment was completed on 30 April 2021. The total cost of redevelopment on practical completion has been allocated to four major asset classes: freehold building, plant and machinery, fixtures and fittings, and infrastructure equipment. The major component assets of each asset class have been identified. These component assets are subject to significantly different patterns of consumption of economic benefits. The useful life of these assets has been determined by construction cost management specialists. The useful lives of each of the major component assets within each asset class have been adopted as the principal component depreciation measures. Other assets that are not identified as major component assets are allocated the useful life of the nearest major component asset as we consider that the useful lives of the major asset components reflect reasonably the varying patterns of consumption of future economic benefits for the entire asset class. All assets are depreciated over their useful lives using the straight-line method and the annual depreciation charge is recognised under 'other expenditure' in the statement of financial activities.

The depreciation measures are set out as follows:

- Freehold property assets are depreciated over component periods of 45, 60, 75 and 80 years.
- Plant and machinery assets are depreciated over component periods of 20, 25 and 40 years.
- Fixture and fittings assets are depreciated over component periods of 15, 20, 25, 30 and 50 years.
- Infrastructure equipment assets are depreciated over component periods of 5, 8 and 15 years.
- Furniture assets are depreciated over component periods of 5 and 10 years.
- Leasehold improvement costs carried out in respect of the Nuffield property in order to provide suitable accommodation for the College staff during its capital development project are capitalised and depreciated over the term of the operating lease.

- Computer and other equipment is depreciated over 4 years.

4.4.2 Intangible fixed assets

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

4.5 Fixed asset investments

Fixed asset investments are stated at fair value at the balance sheet date. These investments include cash held by the investment managers intended for investment or held as part of the portfolio.

In accordance with section 16 of FRS 102, investment property is property (land, building and part of a building) held by the College for long-term rental yields and for capital appreciation, and is not used for operational purposes. Investment property is measured at cost at initial recognition and is subsequently measured at fair value.

Valuations are carried out for financial accounting purposes in accordance with *Valuation – Global Standards 2020* of the Royal Institution of Chartered Surveyors. Fair value represents the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction.

Changes in fair value representing the net unrealised gains and losses arising on revaluation are recognised in the statement of financial activities together with the realised gains and losses arising from disposals in the year.

Where part of the freehold property is or is intended to be leased to another entity, then the property is deemed to be mixed use property, and the cost of the property must be separated between property, plant and equipment that is held for operational use under tangible fixed assets, and investment property that represents the area leased to another entity. If the fair value of the investment property component cannot be measured reliably, then the entire property is accounted for as property under tangible fixed assets.

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

4.6 Heritage assets

Heritage assets are books, manuscripts, specimens, objects or other assets that have historic, scientific, artistic, technological, geophysical or environmental qualities, and are held and maintained principally for their contribution to knowledge and culture.

The College's heritage assets comprise mainly the numerous specimens and artefacts collected by John

Hunter in the 1700s and presented to the College in 1799, and leading to the establishment of the Hunterian Museum. The College is by law the proprietor of these specimens, and the Hunterian trustees have a duty to ensure that the College maintains the specimens and does not dispose of them. The College also owns historic books related to surgery and medicine which were bequests in the 19th century; these are preserved and maintained in the library, and are not to be disposed.

The Hunterian Museum and the library closed in June 2017 ahead of the redevelopment of the estate, and the collections were stored in appropriate secure facilities.

No value has been attributed to these heritage assets in the balance sheet on the grounds that the trustees consider there is no reliable method of establishing historic cost information for these artefacts and that the costs of valuation would be disproportionate to the benefit of the resultant information. No heritage assets have been purchased or disposed of by the College in the last five years. The College received some donated heritage assets in this accounting period but none are deemed to have an individual value greater than £1,000.

4.7 Stock

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

4.8 Cash and cash equivalents

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

4.9 Financial instruments

A financial instrument is broadly defined as a contract that gives rise to a financial asset in one entity and a financial liability in another entity. These financial assets and liabilities are recognised when the College becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. The College has financial instruments that fall into the category of basic financial instruments as defined under section 11 of FRS 102. FRS 102 requires disclosure of the measurement bases of these instruments.

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

4.10 Post-employment benefits

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

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

The assets of the USS and SAUL multi-employer schemes are held in separate trustee-administered funds. Given the mutual nature of these schemes, the schemes' assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is thus exposed to actuarial risks associated with other entities' employees, and is unable to identify the College's share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis. The College is therefore required under section 28 of FRS 102 ('Employee benefits') to account for these schemes as if they were defined contribution schemes. The amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

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

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



4.11 Other provisions for liabilities

Provisions are recognised when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that the College will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle this obligation at the end of the reporting period.

4.12 Operating leases

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

4.13 Funds

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

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

Fixed assets funds represent the net book value of the unrestricted tangible and intangible fixed assets less any associated debt raised to finance fixed assets, and the trustees consider that these assets are essential to the implementation of the College's operational strategy and that their disposal could have an adverse impact on the College's ability to deliver its aims.

Restricted funds represent donations, legacies or other grants given for specific purposes to be expended in accordance with the terms of the donation, legacy or grant.

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

5. Income

Income from:	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2021 £000	2020 £000
5a. Grants, donations and legacies					
Donations	19	1,464	-	1,483	959
Grants	-	3,152	-	3,152	3,154
Legacies	281	20	6	307	734
Total	300	4,636	6	4,942	4,817
Major legacies or gifts notified but not included in the financial statements as they do not meet the income recognition criteria of entitlement, probability of receipt and measurement at the balance sheet date amount to £45k (2020: £64k).					
5b. Charitable activities					
Courses	2,820	10	-	2,830	3,230
Examinations	5,558	-	-	5,558	4,720
Subscriptions	9,546	10	-	9,556	9,401
Quality and standards income	962	-	-	962	1,019
Other charitable income	2,272	-	-	2,272	1,263
Total	21,158	20	-	21,178	19,633
5c. Trading activities					
Income from charitable trading	108	72	-	180	279
Income from taxable trading	19	-	-	19	32
Total	127	72	-	199	311
5d. Investment income					
Investment property income	148	-	-	148	122
Investment portfolio income	163	21	269	453	1,649
Interest received	-	-	-	-	181
Total	311	21	29	601	1,952
Income total	21,896	4,749	275	26,920	26,713

6. Expenditure

Expenditure on:	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2021 £000	2020 £000
6a. Raising funds					
Fundraising costs	308	229	-	537	401
Investment management fees	107	20	264	391	290
Total	415	249	264	928	691
6b. Charitable activities					
Quality and standards	1,077	2,121	-	3,198	3,370
Career and professional development	4,455	396	-	4,851	4,748
Influence and engagement	1,854	-	-	1,854	1,865
Training and assessing surgeons	4,833	-	-	4,833	4,786
Promoting public and professional engagement	2,495	54	-	2,549	2,549
Research and fellowships (note 7)	-	3,127	-	3,127	2,784
Faculty of Dental Surgery	1,315	66	-	1,381	2,196
Faculty of General Dental Practice (UK)	2,816	-	-	2,816	3,187
Total	18,845	5,764	-	24,609	25,485
6c. Other expenditure					
Leasehold improvements depreciation	1,274	-	-	1,274	1,266
Nuffield operating lease	1,344	-	-	1,344	1,344
38-43 Lincoln's Inn Fields depreciation	401	-	-	401	-
Disposal of fixed assets	30	-	-	30	-
Interest payable	469	-	-	469	-
Other expenditure	510	-	-	510	175
Total	4,028	-	-	4,028	2,785
Expenditure total	23,288	6,013	264	29,565	28,961

Nuffield operating lease

The College entered into a leaseback arrangement to 30 June 2021 following the sale of a long lease over its Nuffield property in 2017. The leaseback represents a rent-free period asset that has been valued using an average market rent for similar space and location. The College occupied the property for the full term of the lease agreement and the rent-free period asset is therefore unwound over this period, representing 45 months in total. The charge for 2020–2021 is £1.3m (2020: £1.3m).

Allocated support costs

Support costs comprise building and facilities services, finance and IT services, human resources and governance costs. These costs are allocated to activities on a basis consistent with the use of these resources. The allocation method and cost of each support service is summarised below.

Governance costs include fees payable to the College's auditors in respect of audit and non-audit services.

Support services	Allocation basis	2021 £000	2020 £000
Building services	Space occupied	682	626
Facilities services	Full-time equivalent staff	922	922
Human resources	Full-time equivalent staff	303	393
Finance services	Full-time equivalent staff	1,400	1,372
IT services	Full-time equivalent staff	2,381	2,109
Governance costs	Other professional activities	531	564
Total support costs		6,219	5,986

Auditors' remuneration	2021 £000	2020 £000
Auditor fees – parent charity	64	55
Auditor fees – Hunter Trading Ltd	4	4
Auditors' non-audit fees	10	4
Total	78	63

Support costs allocation Expenditure on:	Direct costs £000	Grants made £000	Support costs £000	2021 £000	2020 £000
Raising funds					
Fundraising costs	370	-	167	537	401
Investment management fees	391	-	-	391	290
Total	761	-	167	928	691
Charitable activities					
Quality and standards	2,467	-	731	3,198	3,370
Career and professional development	3,625	-	1,226	4,851	4,748
Influence and engagement	895	-	959	1,854	1,865
Training and assessing surgeons	3,790	-	1,043	4,833	4,786
Promoting public and professional engagement	1,706	-	843	2,549	2,549
Research	782	2,134	211	3,127	2,784
Faculty of Dental Surgery	937	-	444	1,381	2,196
Faculty of General Dental Practice (UK)	2,221	-	595	2,816	3,187
Other charitable activities	-	-	-	-	-
Total	16,423	2,134	6,052	24,609	25,485
Total expenditure	17,184	2,134	6,219	25,537	26,176

7. Research grants

	2021 £000	2020 £000
Research grants expenditure		
Research fellowships	2,115	2,086
Travelling fellowships and other projects	19	47
Surgical trials units	494	210
Administration	499	441
Total expenditure	3,127	2,784
Research fellowships		
Liabilities at the start of the year	(1,684)	(1,745)
Paid in the year	1,848	2,147
Liabilities at the end of the year	1,951	1,684
Charge for the year	1,115	2,086
Awards	No.	No.
Research awards	94	79
Travel awards	25	14
Total	119	93
Research awards include:		
1-year fellowships	31	28
2-year fellowships	3	4
3-year fellowships	1	-
Dental fellowships	12	2
	£000	£000
Grants awarded to individuals at institutions with which members of Council are connected	441	839

Grants totalling £441k were awarded to individuals at institutions with which members of Council are connected (2020: £839k). These members of Council did not participate in the decisions to award the respective grants.

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

8. Employee information

	2021 £000	2020 £000
Salaries and wages	8,558	8,849
Social security costs	937	954
Pension costs	1,277	1,307
Total	10,772	11,110

Salaries and wages include £50k redundancy and termination payments arising from restructuring activities during the year (2020:£19.5k).

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

	2021 No.	2020 No.
Clinical Effectiveness Unit	16	19
Membership and Engagement	37	36
Dental and Surgical Examinations	15	16
Development	5	5
Learning	19	19
Executive Office	4	5
Faculty of Dental Surgery	10	9
Faculty of General Dental Practice (UK)	13	16
Global Affairs	2	3
Joint Committee on Surgical Training	22	20
Library and Museum	23	22
Quality and Improvement	14	12
Project Transform	3	3
Research	4	5
Support Services	41	37
Total	228	227

At 30 June, the numbers of employees whose emoluments exceeded £60k were:

£60,000 – £70,000	10	11
£70,001 – £80,000	5	5
£80,001 – £90,000	3	4
£90,001 – £100,000	-	-
£100,001 – £110,000	2	2
£110,001 – £120,000	2	2
£120,001 – £130,000	-	-
£130,001 – £140,000	-	-
£140,001 – £150,000	-	-
£150,001 – £160,000	1	1

The key management personnel of the College are set out on page 53 of the trustees' report. Total employee benefits received in the year by the key management personnel amounted to £1.791m (2020: £1.813m).

No trustees received any remuneration for services as members of the Board of Trustees in the current and preceding years.

9. Fixed assets (group and charity)

Tangible fixed assets		Freehold property £000	Fixture and fittings £000	Plant and machinery £000	Infrastructure equipment £000	Furniture £000	Leasehold £000	Computer and other equipment £000	Assets in course of construction £000	2021 £000
Cost at 1 July 2020	1,945	-	368	-	-	-	4,810	1,042	73,442	81,607
Additions during the year	-	-	-	-	-	1,358	-	155	30,561	32,074
Disposals during the year	-	-	(227)	-	-	-	(4,810)	(604)	-	(5,641)
Fixed asset reallocations	-	75,486	12,920	12,233	15,566	-	-	43	(102,346)	(98)
Transfer to investments	-	(4,201)	-	-	-	-	-	-	-	(4,201)
At 30 June 2021	1,945	71,285	13,061	12,233	1,566	1,358	-	636	1,657	103,741
Depreciation at 1 July 2020	-	-	(357)	-	-	-	(3,484)	(777)	-	(4,618)
Charge for the year	-	(165)	(88)	(83)	(25)	(40)	(1,319)	(168)	-	(1,888)
Disposals during the year	-	-	220	-	-	-	4,803	591	-	5,614
Transfers	-	-	128	-	-	-	-	(40)	-	98
At 30 June 2021	-	(165)	(87)	(83)	(25)	(40)	-	(394)	-	(794)
Net book value 2020	1,945	-	11	-	-	-	1,326	265	73,442	76,989
Net book value 2021	1,945	71,120	12,974	12,150	1,541	1,318	-	242	1,657	102,947

Intangible fixed assets	Computer software	Assets in course of construction	2021
	£000	£000	£000
Cost at 1 July 2020	2,550	346	2,896
Additions during the year	13	1,119	1,132
Disposals during the year	(67)	(3)	(70)
Transfers	120	(22)	98
At 30 June 2021	2,616	1,440	4,056
Depreciation at 1 July 2020	(2,036)	-	(2,036)
Charge for the year	(317)	-	(317)
Disposals during the year	67	-	67
Transfers	(98)	-	(98)
At 30 June 2021	(2,384)	-	(2,384)
Net book value 2020	514	346	860
Net book value 2021	232	1,440	1,672

Completion of construction works in respect of the College's freehold property located at 38–43 Lincoln's Inn Fields took effect on 30 April 2021 and the newly redeveloped property was brought into operational use from this date.

A total cost of £102.3m has been transferred from assets in the course of construction and allocated to the relevant fixed asset categories of freehold property, plant and machinery, fixtures and fittings, and infrastructure equipment. The project to build and fit out the Hunterian Museum is due to complete in December 2022, and expenditure incurred to date in respect of this project continues to be accounted for under assets in the course of construction (£1.6m). Investment in the College's digital transformation agenda including the build of a new customer relationship management system is held under intangible assets in the course of construction (£1.44m), with the first phase due to go live in the next financial year.

The College has adopted the cost model as the method of subsequent measurement for the freehold property at 38–43 Lincoln's Inn Fields. The College intends to use the second floor office area for long-term rental yields and capital appreciation, and it is therefore not available for its operational use. FRS 102 requires that this office area is defined as investment property and after its initial recognition at cost, it is to be measured at fair value. The cost of the investment property at £4.2m has been determined on an

apportionment basis from the total cost of the redeveloped freehold property using the net internal area of the leased second floor as a proportion of total gross internal area. This cost has been transferred from tangible free assets to fixed asset investments (see Investments note 11).

A valuation of the freehold property as at 30 June 2021 was carried out by Gerald Eve, the College's real estate management agency, with an inspection taking place on 22 June 2021. The property is valued at £106.3m exclusive of VAT. This compares with a total cost of £102.3m. The valuers have confirmed that there have been no material changes to the property or its immediate locality between the inspection date and the valuation date of 30 June 2021.

The College exercised the option to tax land (and building) at 38–43 Lincoln's Inn Fields with effect from 1 March 2021.

Leasehold improvements totalling £4.81m represent the costs incurred to provide suitable accommodation for the College staff in the leased Nuffield property during the period of redevelopment. The Nuffield premises were formally handed over to the London School of Economics on 30 June 2021 and all improvement assets have been fully depreciated in the period.

The sale of a 155-year lease in October 2017 over the Nuffield property gave rise to a disposal of land and building. No value was attached to the reversionary interest in the lease as management considers a valuation to be problematic given the length of the lease and unlikely to be of material value. The residual freehold land at 38–43 Lincoln's Inn Fields is stated at the historic cost of £1.95m.

The lease agreement gave the College the right to remain in the Nuffield property until 30 June 2021. The agreement provided for a lease at a peppercorn rent up to 31 May 2020, with rental charges becoming payable totalling £3m for extended occupation to 30 June 2021. (See note 23 [Operating leases].) The rent charges have been fully unwound and there are no residual liabilities at 30 June 2021 in respect of this agreement.

10. Heritage assets

Heritage assets can be acquired by gift, bequest, exchange or purchase on the open market.

The College's heritage assets comprise the Designated collections held by the library, museum and archives. The Hunterian Museum and the library closed in June 2017 ahead of the redevelopment of the estate, and the collections are now stored in appropriate secure facilities and with partner organisations across a number of locations for the period of the redevelopment.

Most archive and library material can be accessed via a research service based at the London Metropolitan Archives, and research access to the museum collections is available on request. All enquiry and online services continue to be available, and are detailed on the the College website. Preservation and conservation costs continue to be incurred. No heritage assets were capitalised during the year as none exceeded the capitalisation threshold of £1,000.

The Hunterian Museum represents a world-class surgical heritage resource which seeks to tell the story of

surgeons and surgery over the last three centuries. The main collection is the Hunterian collection, which comprises approximately 3,700 anatomical specimens and artefacts. These were collected by John Hunter in the 1700s and presented to the College in 1799.

The College museum collection holds approximately 3,500 objects associated with surgical and dental research and training since 1800, including anatomy and pathology specimens that are over 100 years old. The historical surgical instruments collection comprises approximately 9,000 surgical instruments.

The special collections include fine and decorative art (including portraits and furniture), with over 5,300 objects in this collection.

The library collections became a Designated collection under the Designation Scheme of the Arts Council England in 2013. They comprise an estimated 115,000 books and pamphlets dating from the 15th century as well as an important collection of rare journals dating from the 17th century onwards.

The 20th century collections focus on surgery, dentistry, anatomy, physiology and pathology while the subjects in the earlier collections reflect the evolution of medicine and surgery. Natural history and other scientific subjects are represented in the library collections, reflecting the work of 19th century College museum curators responsible for the Hunterian Museum. Further information on all of these collections is available on the College website.



11. Investments

	Portfolio £000	Property £000	2021 £000	2020 £000
Investments				
Quoted securities at market value	45,294	-	45,294	40,390
Deposits with investment managers	22,318	-	22,318	22,318
Investment properties at market value	-	11,060	11,060	3,260
Fair value at 30 June	67,612	11,060	78,672	65,968

Movements in the year:				
Fair value at 1 July	62,708	3,260	65,968	63,685
Additions	437	4,201	4,638	5,376
Disposals	(2,801)	-	(2,801)	(5,518)
Net gain/(loss) during the year	7,268	3,599	10,867	2,425
Fair value at 30 June	67,612	11,060	78,672	65,968

Cost at 30 June	64,597	336	64,933	63,540
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Portfolio UK investments	1,318	-	1,318	22,787
Portfolio overseas investments	66,294	-	66,294	39,921
Portfolio fair value at 30 June	67,612	-	67,612	62,708

Investment properties	Cost £000	Fair value 2020 £000	Fair value 2021 £000	SOFA gain/(loss) £000
49-50a Lincoln's Inn Fields	336	3,260	3,260	-
38-43 Lincoln's Inn Fields (leased floor 2)	4,201	-	7,800	3,599
Total	4,537	3,260	11,060	3,599

Our investment fund managers may enter into commitments to purchase various currencies under forward rate contracts as part of their overall investment management strategy. At 30 June 2021, there were no forward contract commitments (2020: -£1,273).

The second floor of the freehold property, which is intended to be leased to other organisations and is therefore not available for operational use, is now held as investment property. The investment property has been initially recognised at a cost of £4.2m on transfer from tangible fixed assets. A valuation of £7.8m

exclusive of VAT has been attributed to the investment property as part of the valuation of the whole building carried out by Gerald Eve on 22 June 2021, resulting in a net unrealised gain of £3.6m. A discount of 1.5% has been applied to the rental yield assumptions to reflect the 'strip' nature of the investment property.

A valuation of the College's investment property at 49–50a Lincoln's Inn Fields at 30 June 2021 was also carried out by Gerald Eve on 22 June 2021. This resulted in no change to the carrying value of £3.26m of these assets.

The valuers have confirmed that there have been no material changes to the properties or their immediate locality between the inspection date and the valuation date of 30 June 2021. The valuations are undertaken by an independent valuer as defined by the valuation standards, and assurance is obtained that the individuals carrying out these valuations have the appropriate knowledge, skills and experience to undertake the valuation competently.

12. Debtors

	2021		2020	
	Group £000	RCS England £000	Group £000	RCS England £000
Trade debtors	2,094	2,094	770	770
Membership debtors	1,792	1,792	1,807	1,807
Accrued income	1,630	1,630	1,818	1,818
Prepayments	778	778	806	806
Other debtors including taxation	868	870	2,136	2,143
Total	7,162	7,164	7,337	7,344

13. Creditors

	2021		2020	
	Group £000	RCS England £000	Group £000	RCS England £000
13a. Amounts falling due within one year				
Accruals	6,335	6,335	6,988	6,988
Membership income in advance	3,804	3,804	3,792	3,792
Deferred income	4,144	4,144	4,797	4,797
Research grants payable	1,914	1,914	1,610	1,610
Trade creditors	677	677	501	501
Other creditors	71	73	709	716
Taxation and social security	263	263	249	249
Total	17,208	17,210	18,646	18,653
13b. Amounts falling due after one year				
Research grants payable	37	37	74	74
Defined benefit pension liability	1,602	1,602	1,780	1,780
Long-term loan	40,000	40,000	-	-
Total	41,639	41,639	1,854	1,854
13c. Analysis of deferred income				
Brought forward at 1 July	4,797	4,797	2,891	2,891
Deferred during the year	4,144	4,144	4,797	4,797
Released as income during the year	(4,797)	(4,797)	(2,891)	(2,891)
Carried forward at 30 June	4,144	4,144	4,797	4,797

Deferred income comprises education course fees and examination fees.

In July 2020, the College entered into a committed revolving credit facility agreement with JP Morgan Bank Luxembourg SA, acting through its London branch, JPMBL, established at 25 Bank Street, Canary Wharf, London E14 5JP. This agreement made available to the College up to £30m of credit for a period of two years to fund the capital development and support its general purposes. The unrestricted invested assets and seven of the invested endowed funds were pledged as security for this facility, the latter under a s105 order issued by the Charity Commission.

A total of £13m was drawn under the facility agreement. The principal loan was fully repaid on 3 November 2020, and the facility was confirmed cancelled and security agreements were released on 5 November 2020. The facility carried a margin rate of 0.85%, a commitment fee of 0.25% on the undrawn amount and an arrangement fee of £150k or 0.5% of the maximum credit amount. Interest paid on the principal loan amounted to £25k.

Long-term loan

The College has secured long-term financing through a private placement issue with Pension Insurance Corporation plc, a UK-based insurance company. The issue has provided £40m of unsecured funding at an annual coupon rate of 2.22% with a maturity date of 30 years (due 3 November 2050) and a weighted average life of 20.05 years. This funding was settled on 3 November 2020. The funds were used initially to repay the credit drawn under the facility agreement, and subsequently to fund the redevelopment costs of the freehold property as well as the works to build and fit out the Hunterian Museum.

Interest is payable semi-annually on 3 May and 3 November each year commencing 3 May 2021. The principal sum will be repayable semi-annually on 3 May and 3 November each year commencing 3 May 2026 until 3 May 2050 with a final sum of £8.15m repayable on 3 November 2050. The loan carries one financial covenant that must be tested on an annual basis. The covenant requires that the ratio of net debt of the group to the net assets of the group at 30 June shall not exceed 50%.

14. Financial instruments

	2021 £000	2020 £000
Financial assets measured at amortised cost	19,682	10,947
Financial assets measured at fair value	67,612	62,708
Financial liabilities measured at amortised cost	(48,699)	(9,658)

15. Hunter Trading Ltd

	2021 £000	2020 £000		2021 £000	2020 £000
Profit and loss account			Balance sheet		
Income	19	32			
Expenditure	17	25	Debtors	2	7
Profit before tax	2	7	Creditors: due within 1 year	(2)	(7)
Profits gifted to RCS England	(2)	(7)			
Result for the year	-	-	Net assets	-	-

The College holds the entire issued £1 share capital of Hunter Trading Ltd. Residential and conference trading ceased in 2017 ahead of the capital redevelopment programme but a small level of trading activity remains.

16. Unrestricted funds

	2020	Net surplus/ (deficit)	Investment gains/losses	SOFA allocation	Fixed asset allocation	Long-term loan	Transfers from/(to) other funds	2021
	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets reserve net of long-term loan	77,849	-	-	(2,235)	33,206	(40,000)	-	68,820
Capital development fund	216	-	-	-	(216)	-	1,500	1,500
Other designated funds	-	-	3,599	-	-	-	-	3,599
Pension reserve	(1,780)	-	-	178	-	-	-	(1,602)
General funds	18,304	(1,392)	1,721	2,057	(32,990)	40,000	(1,426)	26,274
Total	94,589	(1,392)	5,320	-	-	-	74	98,591

Unrestricted reserves have increased overall by £4m in the year. This is represented by a net expenditure position for the year of £1.4m, offset by a gain of £5.32m on unrestricted investments and a transfer from restricted funds of £74k.

The investment gain comprises £1.72m in respect of the unrestricted investments portfolio and a gain of £3.6m in respect of the investment property that is now held in respect of the second floor area of the freehold property that is to be leased to another organisation. A new property revaluation reserve has been set up to hold investment gains or losses arising in respect of this.

General funds have increased by almost £8m to £26.3m. The £40m loan received in the year to finance the property redevelopment has been allocated to the fixed asset reserve, thereby reducing the amount of the College's funds that are required to be invested in its fixed assets. The loan has financed the in-year capital additions of £33m and allowed for the general funds to be replenished for the prior year accrued fixed asset costs of £4.7m that had been funded by general funds pending the financing settlement. The transfer of £74k represents the value of funds that were incorrectly categorised as restricted funds in previous years and a review of these funds confirmed that no restrictions exist in respect of the application of these funds.

The general funds of £26.3m are represented broadly by the £23.5m of the unrestricted investment portfolio.

Unrestricted funds include a negative pension reserve of £1.6m to fund the FRS 102 USS pension deficit liability. (See note 20 [Pension liabilities and charges].)

The trustees designated £1.4m in 2015 to support the digital transformation agenda, of which £1.18m had been utilised by the end of the last year. These funds (other designated funds) have been fully expended this year and the assets invested in form part of the fixed assets reserve. An additional sum of £1.5m has been designated from general funds to support the next phase of digital transformation.

17. Restricted funds

	2020 £000	Income £000	Expenditure £000	Gains/(losses) £000	Transfers £000	2021 £000
Trust funds	2,444	410	(797)	392	-	2,449
Other restricted funds	1,972	4,339	(3,398)	-	74	2,839
Total restricted funds	4,416	4,749	(4,195)	392	(74)	5,288

RCS England has 25 trust funds and their position is set out below:

Research trust funds:

Saven Research and Development Programme	174	201	(80)	24	-	319
Surgical Research Fund	257	85	(112)	42	-	272
Sir Alan Parks Research Fund	185	106	(61)	25	-	255
Mr Sorab J Lam Legacy	202	2	(8)	30	-	226
Moondance Foundation	404	5	(299)	100	-	210
Ethicon Travelling Fellowship	190	1	(20)	26	-	197
Modi Fund	129	1	(10)	18	-	138
Arthritis Research Trust	145	2	(42)	20	-	125
RCSE Fellows Fellowship Fund	110	-	(32)	21	-	99
Blond McIndoe Fund (joint fund with Education)	98	1	(16)	13	-	96
Preiskel Fund	63	3	(1)	9	-	74
Miss Carol Rummey Legacy	48	-	(1)	6	-	53
Dunhill Medical Trust	30	-	(7)	4	-	27
H Speight Discretionary Trust	19	-	-	2	-	21
Curry Legacy Damage/Pain	15	-	-	2	-	17
Phyllis A George Legacy	50	1	(50)	7	-	8
Rex and Jean Lawrie Overseas Fund	5	-	-	-	-	5
Fletcher Legacy	30	-	(30)	4	-	4
Cutner Legacy	3	-	-	-	-	3
Ethicon Research Fund	1	-	-	-	-	1
Shrimpton Fund	1	-	-	-	-	1

Education and training trust funds:

E&T Haddock Legacy	108	1	(26)	15	-	98
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Faculty of Dental Surgery funds:

JW McLean Fund	174	1	(20)	24	-	197
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Faculty of General Dental Practice (UK) funds:

Research Fund (FGDP)	3	-	-	-	-	3
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Total trust funds	2,444	410	(797)	392	-	2,449
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	2020 £000	Income £000	Expenditure £000	Gains/(losses) £000	Transfers £000	2021 £000
Other restricted funds:						
Transform fundraising	-	738	(238)	-	-	500
e-Den – e-Learning for Dentistry	251	10	(8)	-	-	253
Bowel Cancer Study	127	299	(206)	-	-	220
National Vascular Registry	222	310	(313)	-	-	219
National Prostate Cancer Audit	130	305	(246)	-	-	189
FDS-NAC	149	11	(18)	-	-	142
Mary Kinross Professorial Chair	135	75	(70)	-	-	140
Enid Linder Professorial Chair	50	50	0	-	-	100
Global Surgery Policy Unit	-	100	0	-	-	100
Other balances <£100,000	908	2,441	(2,299)	-	(74)	976
Total other funds	1,972	4,339	(3,398)	-	(74)	2,839
Total restricted funds	4,416	4,749	(4,195)	392	(74)	5,288

18. Endowed funds

	Unapplied total return £000	Permanent capital £000	Total endowment £000
Endowed funds at 1 July 2020	22,913	14,951	37,864
Investment income	275	-	275
Investment gains	5,155	-	5,155
Total income and gains	5,430	-	5,430
Application of total return	(1,818)	-	(1,818)
Investment management fees	(264)	-	(264)
Total application and fees	(2,082)	-	(2,082)
Net movement in year	3,348	-	3,348
Total endowed funds at 30 June 2021	26,261	14,951	41,212

RCS England has 22 endowed funds and the 2020-21 position is set out below by fund:

Fund name	Unapplied total return 2020 £000	Investment income £000	Investment gains £000	Applied total return 2021 £000	Investment fees £000	Unapplied total return 2021 £000	Permanent capital £000	2021 total £000
RCSE Research Fund	5,326	65	1,240	(620)	(64)	5,947	3,784	9,731
RCSE Education Fund	4,299	47	893	(315)	(46)	4,878	2,262	7,140
RCSE Cancer Research Fund	3,031	35	652	(192)	(33)	3,493	1,756	5,249
President's Finch Fund	1,116	23	439	(133)	(22)	1,423	2,108	3,531
Dental Science Research Fund	1,648	19	363	(219)	(19)	1,792	1,016	2,808
Rank Chair of Physics in Surgery	1,396	17	320	(82)	(16)	1,635	966	2,590
RCSE Library Fund	1,276	15	287	(97)	(15)	1,466	833	2,299
MacRae Webb-Johnson for Hunterian	863	9	175	(42)	(9)	996	425	1,421
RCSE Biochemical Research Fund	725	8	150	(54)	(8)	821	374	1,195
Moser Trust (FDS)	469	5	87	(3)	(4)	554	173	727
HS Morton Travelling Fellowship	364	4	77	(2)	(4)	439	200	639
Groves Bequest for Hunterian	395	4	76	(22)	(4)	449	161	610
George Qvist Fund for Hunterian	328	4	73	(22)	(4)	379	209	588
John Kinross Fund	366	3	64	(2)	(3)	428	104	532
RCSE Prize Fund	327	3	53	(3)	(3)	377	61	438
Sims Commonwealth Travelling Fellowship	211	2	43	(1)	(2)	253	106	359
Witt Fund	119	2	41	(1)	(2)	159	182	341
Commemoration Fund (FDS)	174	6	33	(1)	(2)	210	66	276
RCSE Scholarship Fund	152	1	28	(1)	(1)	179	51	230
Rishworth Fund for Annals	121	1	23	(1)	(1)	143	50	193
Darlow Fellowship Fund	102	1	23	(1)	(1)	124	67	191
RCSE Museum Fund	105	1	15	(4)	(1)	116	8	124
Total endowed funds	22,913	275	5,155	(1,818)	(264)	26,261	14,951	41,212

9 of the 22 funds have closing balances greater than £1m, amounting to £35.96m of the £41.2m of funds at 30 June 2021. A brief description of their purposes is provided below:

Fund name	Purpose of fund
RCSE Research Fund	To promote, carry on, and fund study and research into surgery and related subjects, and to publish useful results of such study and research
RCSE Education Fund	To educate surgeons, medical practitioners and the general public in the art, science and practice of surgery and related subjects, and to further instruction and training in surgery
RCSE Cancer Research Fund	To promote, carry on, and fund study and research into cancer and its preventative treatment and care, and to publish useful results of such study and research
President's Finch Fund	Income to be applied for charitable purposes that will be for the welfare and advancement of the science and the art of surgery
Dental Science Research Fund	For the promotion of research into improving dental treatment and dental health
Rank Chair of Physics in Surgery	To support research work
RCSE Library Fund	To promote, carry on, maintain and fund the establishment of libraries of RCS England for the furtherance of study and research into surgery and related objects
MacRae Webb-Johnson Fund for Hunterian	To support museum projects
RCSE Biochemical Research Fund	To further biochemical research by such means as the trustees shall from time to time see fit

The remaining 13 funds with balances of less than £1m, and amounting to £5.2m, are summarised under the following categories:

Research funds	FDS funds	Museum funds	Travelling fellowship (F/S) funds	Other funds
Darlow Fellowship Fund	Commemoration Fund	Groves Bequest for Hunterian	HS Morton Travelling F/S	Rishworth Fund for Annals
RCSE Prize Fund	Moser Trust	George Qvist Fund for Hunterian	Sims Commonwealth Travelling F/S	John Kinross Fund
RCSE Scholarship Fund		RCSE Museum Fund		
Witt Fund				

19. Analysis of net assets between funds

As at 30 June 2021	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2021 £000
Tangible fixed assets	102,947			102,947
Intangible fixed assets	1,672			1,672
Investments	34,564	2,487	41,621	78,672
Current assets	15,171	5,470	6	20,647
Current liabilities	(14,161)	(2,632)	(415)	(17,208)
Liabilities after 1 year	(41,602)	(37)		(41,639)
Total funds	98,591	5,288	41,212	145,091

As at 30 June 2020	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	2020 £000
Tangible fixed assets	76,989			76,989
Intangible fixed assets	860			860
Investments	25,201	2,884	37,883	65,968
Current assets	9,951	3,600	1	13,552
Current liabilities	(16,632)	(1,994)	(20)	(18,646)
Liabilities after 1 year	(1,780)	(74)		(1,854)
Total funds	94,589	4,416	37,864	136,869

20. Pension liabilities and charges

	2021 £000	2020 £000
USS defined pension liability	1,602	1,780
Liability less than 1 year	-	-
Liability greater than 1 year	1,602	1,780
Summary of pension scheme charges to statement of financial activities:		
USS	702	754
SAUL	466	457
Standard Life	80	75
NHS	29	21
Total	1,277	1,307
Charges in respect of the USS scheme to statement of financial activities:		
Employer contributions	880	890
Contributions allocated to deficit provision	(83)	(64)
Change in contributions from past expectations	(119)	(115)
Total pension contribution cost	678	711
Interest payable	24	43
Total pension charge	702	754
Charges in respect of the SAUL scheme to statement of financial activities:		
Employer contributions	466	457
Release of liability provision	-	-
Total pension charge	466	457
Scheme employee members		
USS	No. 79	No. 83
SAUL	90	90
Standard Life	31	24
NHS	5	4
Total College employees in a pension scheme	205	201
Total College employees at 30 June	228	227

The College participates in two multi-employer defined benefit pension schemes: USS and SAUL. The USS scheme reported a funding shortfall deficit at 31 March 2017 and a significant change in contribution rates. This led to the decision to carry out a further valuation and review of the scheme's financial position as at 31 March 2018. It was agreed that the next formal valuation would be carried out as at 31 March 2020 and this has just been completed at the time of signing. The SAUL scheme reported a technical provisions deficit at the latest triennial valuation of 31 March 2020.

In accordance with section 28 of FRS 102, the College is required to recognise its share of the liability for the contributions payable under any deficit recovery agreement in existence at the date of approving the financial statements, and the resulting expense in the income and expenditure account. The calculated share of the defined pension scheme liability and charge to the statement of financial activities are allocated fully to unrestricted funds on the basis that the conditions pertaining to the use of the College's restricted funds preclude charges of this nature.

Assumptions used to calculate the share of USS pension liability

The liability has been recalculated using the USS financial model provided with reference to a deficit recovery period from 1 October 2019 to 31 March 2028.

Calculation assumptions	2021	2020
Discount rate	1.65%	1.35%
Projected salary inflation:		
2020 to 2021	2.0%	0.0%
2021 to 2028	2.0%	2.0%

The discount rate is based on the iBoxx Sterling AA corporate bond rate over ten years prevailing at 30 June of each relevant year. Salary inflation assumptions take into account the level of annual pay increases set in the April before the relevant year-end, prevailing CPI rates and the Bank of England long-term inflation target of 2%. The calculation reflects an assumption that there is no change in member numbers in the forward years. The assumptions underpinning the calculation reflect a prudent assessment of the available information and options but represents a key area of estimation uncertainty in the financial statements.

USS 2018 valuation

A formal actuarial valuation as required by the Pensions Act 2004 was carried out as at 31 March 2018 and the results were published in September 2019. These showed a scheme shortfall of £3.6bn with scheme assets sufficient to cover 95% of its technical provisions liabilities.

The scheme's actuary determined that scheme contribution rates should increase from 28.3% of salaries (employer 19.5%, employee 8.8%) to 34.7% of salaries (employer 23.7%, employee 11.0%). This increase was being phased in over the period 1 October 2019 to 1 October 2021.

A deficit recovery plan was put in place as part of the 2018 valuation that required a 2% deficit contribution payment from salaries over the period 1 October 2019 to 30 September 2021 and then a 6% deficit

contribution payment from 1 October 2021 to 31 March 2028. The 2021 defined benefit liability provision reflects this plan. The past service contributions are expected to remove the deficit by 31 March 2028 based on the assumptions set out in the recovery plan.

USS 2020 valuation

The 2020 valuation process was due to be completed by the statutory deadline of 30 June 2021. The 2020 valuation shows a significant deterioration in the scheme's funding position with the deficit ranging from £14.9bn to £17.9bn on a technical provisions basis. There has been a lengthy process of consultation and negotiation with Universities UK, employer representatives and the USS Joint Negotiating Committee in order to determine how to address this funding challenge and to place the scheme on a much more sustainable footing in the long term. The 2020 valuation and funding proposals that include making changes to future member benefits from 1 April 2022 have now been agreed. The 2020 valuation has been filed with the Pensions Regulator with an effective date of 1 October 2021.

Completion of the process has allowed the implementation of a revised set of contribution increases from 1 October 2021, which are significantly lower than previously required under the 2018 valuation. Members contributions rise by 0.2% to 9.8% instead of 11% and employer contributions rise by 0.3% to 21.4% instead of 23.7%. The implementation of proposed member benefit changes effective from 1 April 2022 is now subject to employer and member consultations. These revised contribution rates will continue from 1 April 2022 if the Joint Negotiating Committee's proposals are implemented by 28 February 2022. In the event that the benefit changes are not implemented by this date, then the previously advised contribution rate increases of 11% and 23.7% for employees and employers respectively would come into effect from 1 April 2022, and contributions would need to increase over the next three years to 18.8% and 38.2% respectively from 1 October 2025.

Non-adjusting post balance sheet event

Since the 2020 valuation effective date is after the 30 June 2021 and before the signing of these accounts, the 2020 valuation constitutes a non-adjusting post balance sheet event and the 2018 valuation therefore remains the basis on which the pension liability provision at 30 June 2021 is calculated. The College uses a USS-provided model to calculate the pension liability. An updated model has as yet not been made available, and the College is consequently unable to calculate and disclose the non-adjusting impact on the liability provision of the 2020 valuation.

SAUL 2020 valuation

The 2020 actuarial valuation funding principles were agreed by the scheme trustee and employers in June 2021. These will be reviewed at the next formal valuation in 2023. The 2020 valuation confirmed that the scheme was 94% funded on its technical provisions basis at 31 March 2020 with its assets valued at £3,612m. However, the scheme trustee and employers agreed to allow for positive post-valuation market movements up to 30 April 2021, on which date SAUL reported a technical provisions surplus of £357m with its assets valued at £4,369m, representing 109% of estimated liabilities. Consequently, no deficit contributions are required and there is no defined benefit liability to be recognised.

The 2020 valuation also revealed a significant increase in the cost of new benefit accrual and the contribution strain, which has led to the scheme trustee and employers agreeing to an increase in employer contributions from 16% of Career Average Revalued Earnings (CARE) salaries to 19% of CARE salaries from 1 April 2022, and to 21% of CARE salaries from 1 January 2023.

Supplementary scheme disclosures

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

USS

The 2018 valuation was the fifth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

At the valuation date, the value of the assets of the scheme was £63.7bn and the value of the scheme's technical provisions was £67.3bn, indicating a shortfall of £3.6bn. The assets were therefore sufficient to cover 95% of the benefits that had accrued to members after allowing for expected future increases in earnings.

Scheme summary position at 31 March	2021	2020
	2018 valuation	2018 valuation
	£bn	£bn
Scheme assets	63.7	63.7
Scheme liabilities	67.3	67.3
FRS 102 scheme deficit	(3.6)	(3.6)
FRS 102 funding level	95%	95%

2018 valuation assumptions

Financial assumptions

Pension increases (CPI)	Term dependent rates in line with difference between fixed interest and index listed yield curves, less than 1.3%
Discount rate (forward years)	
Years 1 to 10	CPI + 0.14% reducing linearly to CPI - 0.73%
Years 11 to 20	CPI + 2.52% reducing linearly to CPI + 1.55% by year 21
Years 21 +	CPI + 1.55%

Demographic assumptions

Mortality base table	
Pre-retirement (males)	71% of AMC00 (duration 0)
Pre-retirement (females)	112% of AFC00 (duration 0)
Post-retirement (males)	97.6% of SAPS S1NMA "light"
Post-retirement (females)	102.7% of RFV00
Future improvements to mortality	CM1_2017 with a smoothing parameter of 8.5 and long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

	2021	2020
	2018 valuation	2018 valuation
Life expectancies on retirement at age 65		
Males currently aged 65 years	24.6	24.4
Females currently aged 65 years	26.1	25.9
Males currently aged 45 years	26.6	26.3
Females currently aged 45 years	27.9	27.7

SAUL

SAUL is a centralised defined benefit scheme in the UK for the non-academic staff of over 50 colleges and institutions with links to higher education.

The SAUL Final Salary section closed at 31 March 2016 and from 1 April 2016, all members now build up pension benefits on a CARE basis.

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

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by

the scheme trustee in paying SAUL's benefits as they fall due (the technical provisions). The scheme trustee adopts assumptions that, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid, and for the commitments that arise from members' accrued pension rights to be met. The technical provisions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the technical provisions could be insufficient to provide benefits in the future.

Other pension schemes

The College pays a contribution rate of 9% into the Standard Life defined contribution scheme and a contribution rate of 14.38% into the NHS Pension Scheme. No contributions in respect of these schemes were outstanding at the balance sheet date.

21. Transactions with trustees

No trustees receive any fees or honoraria for services. Trustees claim travelling, subsistence and accommodation costs in carrying out their College responsibilities and attending relevant meetings. The total expenses reimbursed to the trustees holding office during 2020-21 amounted to £72k (2020: £85k). This represented reimbursement to 3 trustees (2020: 7) and includes sessional payments made totalling £71.5k (2020: £64k).

Donations totalling £2k were received from trustees during the current period (2020: £2k).

One of the College's trustees is chief executive of a company that provided professional services to the College during the year to the value of £12k and in respect of the capital development programme. There were no other related party transactions in the period.

22. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £2.33m in respect of build and fit-out contracts entered into since the beginning of 2020 in respect of the redesign of the Hunterian Museum (2020: £9.8m).

23. Operating leases

	Nuffield lease £000	Office equipment £000	Furniture, fittings and vehicles £000	2021 £000	Nuffield lease £000	Office equipment £000	Furniture, fittings and vehicles £000	2020 £000
Payments due:								
Within one year	-	13	-	13	2,000	-	2	2,002
Between 1 and 2 years	-	13	-	13	-	-	-	-
Between 2 and 5 years	-	34	-	34	-	-	-	-
Total	-	60	-	60	2,000	-	2	2,002

These represent the future minimum payments that the College is committed to make under operating leases.

The Nuffield lease agreement is explained under note 6 (Expenditure) and note 9 (Fixed assets).

24. Post balance sheet event

The FGDP became an independent professional body on 30 July 2021 by the legal transfer on this date of the assets, liabilities and employees associated with the FGDP to the newly formed College of General Dentistry, a company limited by guarantee (number 02586636) and a registered charity (number 1002769) that is under the management and control of a board of charity trustees. Prior to signing the transfer agreement, the Board of Trustees had taken all necessary steps to assure itself that the transfer is in the best interests of the College and its charitable objects. Net assets of £82k and membership fees of £145k that had been paid in advance by transferring FGDP members were paid to the College of General Dentistry in early August 2021.

As part of the separation arrangements, the College has agreed to provide the College of General Dentistry with a grant of £500k and with an unsecured sterling working capital loan facility up to but not exceeding £260k. The grant has been made for the purpose of advancing the charitable objects of the College of General Dentistry. It cannot be applied for any other purpose without the College's prior consent and all or any part of the grant sum that is not expended for these purposes will be returned to the College. The grant terms will remain in force until the later date of 30 July 2024 and the date on which the grant has been applied in full and the College of General Dentistry has discharged all of its obligations.

The working capital facility is available from 1 October 2021 to 30 April 2024 and the final repayment date for sums drawn down under this facility is 30 July 2024. Interest on the aggregate amount drawn down is payable at a rate of 4% per annum. No more than two drawdown notices are permitted in any loan year and any individual drawdown may not exceed £65,000.

The College will remain responsible for any financial contribution in respect of any deficit in the USS and/or SAUL pension schemes that is attributable to those employees who transferred to the College of General Dentistry on 30 July 2021. As permitted under the transfer agreement, the College has appointed one of its lay trustees, Pankaj Dave, as an observer to the board of the College of General Dentistry for the first year of operation. The transfer may constitute a discontinued operation for the financial year ending 30 June 2022.

25. Restricted funds 2020 for comparison

	2019 £000	Income £000	Expenditure £000	Gains/(losses) £000	Transfers £000	2020 £000
Trust funds	2,606	414	(714)	138	-	2,444
Other restricted funds	5,027	3,835	(3,851)	-	(3,039)	1,972
Total restricted funds	7,633	4,249	(4,565)	138	(3,039)	4,416
RCS England has 25 trust funds and their position is set out below:						
Research trust funds:						
Moondance Foundation	748	12	(403)	47	-	404
Surgical Research Fund	271	41	(73)	18	-	257
Mr Sorab J Lam Legacy	207	4	(23)	14	-	202
Ethicon Travelling Fellowship	186	3	(12)	13	-	190
Sir Alan Parks Research Fund	-	185	-	-	-	185
Saven Research and Development Programme	117	120	(63)	-	-	174
Arthritis Research Trust	141	2	(8)	10	-	145
Modi Fund	121	2	(2)	8	-	129
RCSE Fellows Fellowship Fund	80	30	-	-	-	110
Blond McIndoe Fund (joint fund with Education)	95	1	(4)	6	-	98
Preiskel Fund	60	3	(4)	4	-	63
Phyllis A George Legacy	50	-	-	-	-	50
Miss Carol Rummey Legacy	79	-	(31)	-	-	48
Fletcher Legacy	32	-	(2)	-	-	30
Dunhill Medical Trust	50	-	(20)	-	-	30
H Speight Discretionary Trust	13	6	-	-	-	19
Curry Legacy Damage/Pain	15	-	-	-	-	15
Rex and Jean Lawrie Overseas Fund	5	-	-	-	-	5
Cutner Legacy	20	-	(17)	-	-	3
Shrimpton Fund	1	-	-	-	-	1
Ethicon Research Fund	1	-	-	-	-	1
Maureen A Blandy Legacy	50	-	(50)	-	-	-
Education and training trust funds:						
E&T Haddock Legacy	100	2	(1)	7	-	108
Faculty of Dental Surgery funds:						
JW McLean Fund	161	3	(1)	11	-	174
Faculty of General Dental Practice (UK) funds:						
Research Fund	3	-	-	-	-	3
Total trust funds	2,606	414	(714)	138	-	2,444
Other restricted funds:						
2020 fundraising	3,081	191	(233)	-	(3,039)	-
e-Den – e-Learning for Dentistry	235	16	-	-	-	251
George Drexler Chair	160	70	-	-	-	230
National Vascular Registry	185	370	(333)	-	-	222
FDS-NAC	161	11	(23)	-	-	149
Mary Kinross Professorial Chair	115	110	(90)	-	-	135
National Prostate Cancer Audit	128	315	(313)	-	-	130
PCCT Transplant Fellowships	134	-	(22)	-	-	112
Other balances <£100,000	828	2,752	(2,837)	-	-	743
Total other funds	5,027	3,835	(3,851)	-	(3,039)	1,972
Total restricted funds	7,633	4,249	(4,565)	138	(3,039)	4,416

26. Endowed funds 2020 for comparison

	Unapplied total return £000	Permanent capital £000	Total endowment £000
Endowed funds at 1 July 2019	21,448	14,951	36,399
Investment income	653	-	653
Investment gains	2,509	-	2,509
Total income and gains	3,162	-	3,162
Application of total return	(1,499)	-	(1,499)
Investment management fees	(198)	-	(198)
Total application and fees	(1,697)	-	(1,697)
Net movement in year	1,465	-	1,465
Endowed funds at 30 June 2020	22,913	14,951	37,864

RCS England has 22 endowed funds and the 2019–20 position is set out below by fund:

Fund name	Unapplied total return 2019 £000			Applied total return 2019 £000		Unapplied total return 2020 £000		2020 total £000
RCSE Research Fund	5,085	159	610	(480)	(48)	5,326	3,784	9,110
RCSE Education Fund	4,154	115	441	(376)	(35)	4,299	2,262	6,561
RCSE Cancer Research Fund	2,869	83	319	(215)	(25)	3,031	1,756	4,787
President's Finch Fund	877	53	205	(3)	(16)	1,116	2,108	3,224
Dental Science Research Fund	1,481	46	177	(42)	(14)	1,648	1,016	2,664
Rank Chair of Physics in Surgery	1,317	41	156	(106)	(12)	1,396	955	2,351
RCSE Library Fund	1,205	37	140	(95)	(11)	1,276	833	2,109
MacRae Webb-Johnson for Hunterian	820	22	86	(58)	(7)	863	425	1,288
RCSE Biochemical Research Fund	689	19	73	(50)	(6)	725	374	1,099
Moser Trust (FDS)	422	11	41	(2)	(3)	469	173	642
HS Morton Travelling Fellowship	335	10	37	(15)	(3)	364	200	564
Groves Bequest for Hunterian	373	9	37	(21)	(3)	395	161	556
George Qvist Fund for Hunterian	307	9	36	(21)	(3)	328	209	537
John Kinross Fund	331	8	30	(1)	(2)	366	104	470
RCSE Prize Fund	299	6	25	(1)	(2)	327	61	388
Sims Commonwealth Travelling Fellowship	189	5	20	(1)	(2)	211	106	317
Witt Fund	98	5	19	(1)	(2)	119	182	301
Commemoration Fund (FDS)	157	4	15	(1)	(1)	174	66	240
RCSE Scholarship Fund	138	3	13	(1)	(1)	152	51	203
Rishworth Fund for Annals	109	3	11	(1)	(1)	121	50	171
Darlow Fellowship Fund	92	3	11	(3)	(1)	102	67	169
RCSE Museum Fund	101	2	7	(5)	-	105	8	113
Total endowed funds	21,448	653	2,509	(1,499)	(198)	22,913	14,951	37,864

27. Statement of financial activities for the year ended 30 June 2020 for comparison

		Unrestricted funds £000	Restricted funds £000	Endowed funds £000	Totals £000	2019 £000
Income from						
Grants, donations and legacies	5a	743	4,074	-	4,817	5,360
Charitable activities	5b	19,588	45	-	19,633	21,736
Trading activities	5c	310	1	-	311	288
Investment income	5d	1,170	129	653	1,952	2,676
Total income		21,811	4,249	653	26,713	30,060
Expenditure on						
Raising funds	6a	254	239	198	691	713
Charitable activities	6b	19,660	5,825	-	25,485	26,506
Other expenditure	6c	2,785	-	-	2,785	3,483
Total expenditure		22,699	6,064	198	28,961	30,702
Net income/(expenditure) before investment gains/(losses)		(888)	(1,815)	455	(2,248)	(642)
Net gains/(losses) on investments	11	(222)	138	2,509	2,425	672
Net income/(expenditure)		(1,110)	(1,677)	2,964	177	30
Transfer between funds	16, 17	3,039	(3,039)	-	-	-
Application of total return	18	-	1,499	(1,499)	-	-
Net movement in funds for the year		1,929	(3,217)	1,465	177	30
Balances brought forward at 1 July	19	92,660	7,633	36,399	136,692	136,662
Balances carried forward at 30 June	19	94,589	4,416	37,864	136,869	136,692

Reference and administrative details

Principal advisors

Bankers

C Hoare & Co
HSBC Bank PLC

37 Fleet Street, London EC4P 4DQ
60 Queen Victoria Street, London EC4N 4TR

External auditor

Crowe U.K. LLP

55 Ludgate Hill, London EC4M 7JW

Internal auditor

Mazars LLP

Tower Bridge House, St Katharine's Way, London E1W 1DD

Solicitors

BDB Pitmans LLP
Farrer & Co LLP
Veale Wasbrough Vizards LLP

One Bartholomew Close, London EC1A 7BL
66 Lincoln's Inn Fields, London, WC2A 3LH
Narrow Quay House, Narrow Quay, Bristol BS1 4QA

Investment managers

JP Morgan Private Bank

60 Victoria Embankment, London EC4Y 0JP

Property development advisors

Lendlease Consulting Ltd

20 Triton Street, Regent's Place, London NW1 3BF

Real estate advisors

Gerald Eve LLP

72 Welbeck Street, London, W1G 0AY

Registered office

The charity's registered office is at 38–43 Lincoln's Inn Fields, London WC2A 3PE.