

# Royal Pharmaceutical Society of Great Britain

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## Royal Pharmaceutical Society of Great Britain

### ASSEMBLY MEMBERS AND ADVISORS

#### President

Martin Astbury Appointed 19 July 2016

#### Treasurer

David Thompson Appointed 19 July 2016

#### Assembly

#### National Board Chairs

Sandra Gidley Appointed 20 July 2016

John McAnaw Appointed 20 July 2016

Suzanne Scott-Thomas Appointed 20 July 2016

#### Other members

Catherine Armstrong Appointed 20 July 2016

Claire Anderson Appointed 20 July 2016

David Carter Appointed 20 July 2016

Duncan Craig Appointed 21 July 2015

Sultan Dajani Appointed 20 July 2016

Linda Hakes Appointed 23 July 2013

Paul Harris Appointed 20 July 2016

Hamish Wilson Appointed 23 July 2013

Sibby Buckle Appointed 20 July 2016

# Royal Pharmaceutical Society of Great Britain

## LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE

### Professional Leadership

For the last six years we have worked hard to cement our position as the professional leadership body for pharmacy and pharmacists across Great Britain. Now more than ever, the need for effective leadership to give a sense of mission, build trust and a focus on caring for people, is needed for the profession, as the environment in which pharmacists practice becomes more challenging. The RPS has produced clear professional standards, in areas such as hospital practice, to ensure pharmacists are empowered to work “at the top of their licence”. We have pursued, with success, an agenda that enhances the ability of community and hospital pharmacists to improve patient care by enabling better access to clinical and patient information, and growing the number of opportunities for pharmacists within primary care and social care settings. We remain resolute in ensuring we continue to carry the flag for excellence in all three countries of Great Britain and beyond in pharmacy services provision, at a time when the pharmacy profession is under considerable pressure.

This activity has led to a 1.6% increase in membership in 2016, increasing our ability to speak with authority for pharmacy.

### World Class Publishing

Our Publishing division, Pharmaceutical Press, has continued to digitise our products and services, improving access to medicines information for health professionals. Digital income growth, primarily from subscriptions to MedicinesComplete and the licensing of content to 3<sup>rd</sup> parties, has increased by £1m (16%) over the past 12 months.

The British National Formulary, remains the premier resource for those prescribing, administering and dispensing medicines in the NHS, with the vast majority of doctors, nurses and pharmacists accessing the BNF, whether online or in print, every working day.

### Support and Development of the Pharmacy Profession

Our programme of practical support for all pharmacists at all stages of their career, is a key advantage of RPS membership. The RPS Foundation Programme supports pharmacists both in their early careers as well as those who have returned to practice following a career break. This coupled with the RPS Faculty for advanced generalist and specialist practitioners offers a transferable credential, that will become even more important as regulators and employers demand greater accountability from practitioners for their development.

### Sustainable Finances

During 2016 we have done much to ensure our finances are sustainable now and in the future. Through reprioritising our work, actively looking for efficiency savings through reduced duplication, we are confident we have a sustainable financial position for 2017 and beyond.

The investments made in both professional support and publishing have made our membership offer more compelling through the new and improved Pharmaceutical Journal and RPS Faculty development programme. Our investment in new digital products and services in Pharmaceutical Press continues to pay dividends as highlighted above.

### Acting locally thinking globally

The RPS benefits enormously from a talented and diverse group of employees and elected members, and continues to support the diverse community of pharmacists and pharmaceutical scientists we are privileged to have in membership.

We will work with the Scottish Parliament, Welsh Assembly and UK Parliament to ensure the views of the pharmacy profession are heard as well as providing our expert advice and guidance on any issues relating to medicines and pharmacy.

## Royal Pharmaceutical Society of Great Britain

The Royal Pharmaceutical Society remains a national organisation with a global outlook. We will continue to work with partners both within and outside of the European Union to make sure we remain a leading nation for innovation in pharmacy practice and pharmaceutical science.

The RPS is showing through action how we support the pharmacy profession inside and outside of Great Britain. For example, in 2016 we have developed strong links with Iceland where the RPS Faculty and Foundation programmes have been taken up by our colleague pharmacists. Every year, the International Pharmaceutical Federation, (FIP), organises the World Congress of Pharmacy and Pharmaceutical Sciences, where thousands of pharmacists meet, learn, share and exchange views. We will be hosting the 78th FIP World Congress of Pharmacy and Pharmaceutical Sciences in Glasgow in 2018.

We will do all we can to ensure that pharmacists and pharmaceutical scientists from all countries continue to feel welcome in our Society, as well as the country's pharmacies, universities, hospitals, pharmaceutical industry and other settings where the diverse pharmacy workforce is playing a vital role in improving healthcare for patients and the public.

The RPS would also like to take this opportunity to put on record the significant contribution Helen Gordon made to the organisation during her tenure as CEO. Her strong leadership, strategic and change management skills played an important part in the reshaping of the organisation, making RPS fit for purpose and better able to rise to the many challenges facing the profession of pharmacy now and going forward into the future.

Martin Astbury  
President



Alex MacKinnon  
Interim Chief Executive



23<sup>rd</sup> March 2017

# Royal Pharmaceutical Society of Great Britain

## REPORT OF THE ASSEMBLY

The Assembly presents its report and the audited financial statements of the Royal Pharmaceutical Society of Great Britain, trading as the Royal Pharmaceutical Society ("the RPS") for the year ended 31 December 2016.

### Principal activities

The Royal Pharmaceutical Society is the professional membership body for pharmacists and pharmacy in Great Britain. We advance the profession of pharmacy for public and patient benefit to secure the future of the profession and our members.

We lead and promote the advancement of science, practice and education in pharmacy to shape and influence the future delivery of pharmacy driven services.

We support and empower our members to improve health outcomes for society through professional guidance, networks and resources.

We do this by providing:

#### Leadership

We ensure the voice of the whole profession is heard at the highest levels of healthcare and government through our responses to consultations, influencing policy development and through our expert advisory panels.

#### Professional recognition

We provide our members with professional recognition through the RPS Faculty, enabling them to gain recognition for their level of practice by employers, commissioners, patients and the public. Our expert members regularly appear in the media to ensure the public has the best information when medicines are in the news.

#### Networking

Local Practice Forums and professional online groups allow colleagues to share experiences.

#### Support and development

We produce professional guidance and support tools to develop and supplement our members' skills and knowledge. We work in collaboration with other royal colleges to develop guidance that supports effective patient care.

#### Medicines Information

We provide healthcare professionals, students and scientists with the most trusted and usable data, information and therapeutic guidance on drugs and medicines.

#### Legal status

The RPS is governed by a framework comprising its Royal Charter and legislation. This is underpinned by regulations, rules and byelaws. The RPS was founded in 1841 and incorporated by Royal Charter in 1843. The RPS's current Charter was granted in 2004 and was amended on 27th September 2010 to remove the RPS's regulatory powers, which transferred to the General Pharmaceutical Council ("GPhC") at that date.

# Royal Pharmaceutical Society of Great Britain

## Governance

The Assembly agrees the overall strategy and top level objectives, with Pharmacy policy making at national level being the delegated responsibility of the National Boards. The National Boards in turn set Pharmacy policy and objectives within the overall strategy and ask the relevant National Director to implement them.

The Assembly also delegates responsibility for the strategic direction of the Pharmaceutical Press to the Pharmaceutical Press Board.

The Assembly elects annually the President and Treasurer, which constitute the Officers.

## Chairs and Officers group

The Assembly authorises a group comprising the Officers and Board Chairs:

- to appoint the Chair and members of the Audit and Risk Committee;
- to deal with issues arising which require an urgent response that do not fall within the delegated authorities of other governance bodies. Where this concerns new policy, actions would be subsequently ratified by the Assembly as appropriate;
- to deal with matters delegated by the Assembly; and
- to communicate immediately to the members of the Assembly any actions/decisions agreed, unless precluded from doing so by confidentiality.

## Audit and Risk Committee

The Committee comprises of two members who are appropriately skilled persons of the Assembly who are not Officers of the RPS or Board Chairs, one external, appropriately skilled, lay chair and one additional external member who has finance and audit expertise.

The Audit and Risk Committee is established to:

- advise on the appointment of external financial auditors;
- set the remit for the audit;
- review, with the auditors, the outcome of the audit and satisfy itself that the management response to any issues raised is appropriate;
- institute internal audits of any processes it deems appropriate and satisfy itself that the management response to any issues raised is appropriate;
- keep under review the Risk Register and advise the Assembly accordingly; and
- recommend to the Assembly approval of the annual financial statements.

The Audit and Risk Committee met three times during 2016 and the following issues were considered:-

- **Risk Management and Business Continuity.** As the RPS evolves as a business, so do the risks it faces. The committee continued to ensure that the Executive Team and Assembly maintained awareness of the key risks facing the RPS and that suitable action plans were in place to deal with them.
- **Internal Audit.** A programme of internal audit work was presented to the Committee in 2014. With the Committee's input, this work was designed to test a range of non-financial and financial systems and processes, thus providing assurances that they are robust, and where weaknesses are uncovered, the necessary recommendations have been made and corrective action taken.

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- **Bribery Act.** The Committee assessed the compliance with the 2010 Bribery Act, by reviewing the Bribery Prevention Policy produced by the RPS with all the relevant policies and guidelines for compliance in place, thus mitigating the organisation's exposure to bribery related risk.
- **3 Year Business Plan and Investment Strategy.** The three year plan was considered by the Committee prior to it being presented to the Assembly. The current plans show a return to profitability as well as continued growth from within Pharmaceutical Press.
- **Cyber-crime and IT Security.** The Committee is concerned that the largest risk facing the RPS is of cyber-crime and the risk register reflects this. In order to test the security of the RPS systems to external interference, repeated penetration testing of our external websites is undertaken.

### Risk Management

The RPS' policy on risk management continues to be reviewed to ensure that it meets the requirements in terms of identifying risk across the organisation and that the control and assurance measures in place are appropriate and proportionate to deal with these risks. The consideration of risk is included in the planning process and is reviewed monthly by the Executive and at the Audit and Risk Committee and the Assembly meetings.

In the area of business continuity, the plans are subject to continual review. It will be necessary to test the current plans and to engage on an exercise to communicate the plans to managers and other staff. Services are gradually being placed in the cloud to improve resilience. The IT architecture has also been significantly improved with automatic fail over in the event of a problem with an internet connection and increased capacity to improve resilience at all locations. The security of the RPS museum and library assets, hardware and staff are covered by an extensive range of security devices at the new headquarters.

Some of the areas which pose a higher risk to the RPS' business plan are as follows:

- Member retention
- Publishing revenues from both printed and advertising customers
- Revenue generation from new Pharmaceutical Press product development
- Revenue generation from the investment in the Faculty membership programme
- Revenue generation from the investment in the Foundation Years membership programme
- The need to reduce costs whilst maintaining services
- Security of assets and information
- Potential increase in pension costs

The RPS has a robust governance process to ensure that investments being made in 2017 achieve the objectives set.

### Remuneration Committee

The Remuneration Committee comprises the Officers and the Chairs of the three National Boards and the lay member of the Assembly. The Committee agreed that an overall 1% basic salary increase will be budgeted for 2017/18.

### The Executive Team

Consisting of the Chief Executive and Directors, the Executive Team has delegated responsibility for the day to day management of the RPS. The Executive Team in turn provides the Assembly, boards and committees with sufficient information on a timely basis in regard to the performance, financial condition, operating results and prospects of the RPS to enable them to fulfil its governance responsibilities.

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Each year, there are three formal meetings of the Assembly as well as one strategy day. Further meetings of the Assembly can be called if necessary.

### Pension Scheme

The following has been undertaken within the year:-

There will be a new tri-annual Actuarial Valuation, (as at 31st December 2015), undertaken by the Trustees during 2016, which is expected to show a deficit, due to the prevailing marketing conditions at the time of valuation. The Assembly has agreed that the annual contribution of £600,000 will continue to 2024 when the deficit is predicted to be eliminated.

The Trustees, in consultation with the RPS, decided to maintain the mid to long-term strategy to de-risk the scheme's assets and more closely match its liabilities. Both the Trustees and the RPS recognise the problems financial market volatility can cause in pension funding and planning. The strategy implemented during 2011 to move from equities to bonds when key trigger points in relative bond/equity positions are reached, was continued. This was continuously reviewed at Trustees meetings based on sound advice from actuarial advisors, and amended if decided appropriate and in the best interest of the Scheme.

The Trustees undertook a 'buy-in' in respect of the current pensioners in order to remove the risk of increased costs arising from extended life projections. The 'buy-in' represents an insurance policy that would pay an annuity to the fund and does not favour any particular group of pensioners. It was not economic to do the same for deferred pensioners as the insurance pricing for the uncertainty of this group was cost prohibitive.

More information regarding the Pension Scheme can be found in note 19 to the financial statements. This information includes disclosures required by FRS 102.

### Financial Results

The financial result for 2016 before interest and taxation is a deficit of £452,000. The comparative result for 2015 was a deficit of £1,105,000.

After incorporating the pension scheme accounting adjustments, interest and the tax liability for the year, the final result for the year is a surplus of £296,000. The comparative result for 2015 was a surplus of £11,101,000, which included a £11,724,000 surplus on disposal of land and buildings.

A more detailed analysis of income and expenditure is included in note 2 to the financial statements to enhance transparency and help with the interpretation of the financial information.

Excluding pension scheme deficit adjustments, the balance sheet remains strong, with net assets of £28,501,000 (2015 - £28,482,000).

### Review of business activities and future opportunities

- Total revenues grew by 8% in the year to £22,335,000.
- Member related income was up £390,000, due to the increasing member base and an increase in the events programme.
- The Scottish Pharmacy Board has focused on ensuring that patients benefit from the expertise of the pharmacist regardless of setting. It has therefore welcomed the Scottish Government's £16.4m funding for practice-based pharmacists and its Programme for Government commitment that by the end of this Parliament every GP practice will have access to an enhanced pharmacist. The Board has worked with the RCGP in Scotland to make clear the patient-facing role of the pharmacist and launched a joint policy in September 2016.



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- The Scottish Pharmacy Board's "Right Medicine – Better Health – Fitter Future" manifesto ahead of 2016 Scottish Parliament elections focused on key areas where the pharmacist's expertise could be further utilised. A pilot testing an extension to the current national Minor Ailment Service to be accessible for all is currently being piloted in Inverclyde and several Health Boards are piloting electronic prescribing. Their focus also remains firmly on achieving access to records, working with all health professions across primary care in seeking to shape the forthcoming Health & Social Care Digital Strategy to bring about this change.
- The Welsh Pharmacy Board has continued to campaign on the role of pharmacists in improving patient access to healthcare and in helping to reduce pressures on GPs, emergency departments and out of hours services. The Board has applauded the Welsh Government's commitment to developing clinical pharmacy roles in GP practices as outlined in its Primary Care Plan for Wales and its investment of over £34million to help deliver 24/7 healthcare closer to people's homes. The creation of over 40 Cluster Pharmacist roles working in primary Care Clusters across every Health Board area is helping to translate into reality the recommendations made in the Models of care for Pharmacy within Primary Care Clusters which was developed in partnership by the Board and NHS Wales.
- The Welsh Pharmacy Board have continued to call for community pharmacist access to GP patient records as one of the key levers for improving patient care. This was one of the three calls to action made in the RPS Wales Policy Vision Steps to Better Health and Wellbeing in the run up to the Welsh Elections in May 2016. Following the election, members of the Board have campaigned on the importance of expediting access to patient records to improve patient safety and to enable the creation of new services such as a pharmacist led chronic medication service. The Board will continue to call for the Choose Pharmacy IT Platform to be made available to all community pharmacies as the first step towards full read and write pharmacist access to the GP patient record.
- The English Pharmacy Board's work centred on raising the profile of pharmacy through the implementation of campaigns focusing on how pharmacy can support direct patient care. This has had significant impact with NHS England choosing to invest over £100m to support an extra 1,500 clinical pharmacists to work in General Practice by 2020/21. This is in addition to over 490 clinical pharmacists already working in general practice as part of a pilot, launched in July 2015.
- NHS England, Health Education England, the Royal College of General Practitioners and the British Medical Association's GP Committee are working with the Royal Pharmaceutical Society to support this. Progress has also been made in providing community pharmacists with access to health care records with the vast majority of pharmacists now having access to the NHS Summary Care Record.
- The National Boards in all three countries have made high level strategic contributions to a number of key reviews and consultations on behalf of the pharmacy profession, continuing to ensure every opportunity is used to support members in being the best they can be in delivering excellent care and services to patients and the public.
- The Corporate Communications work-stream helped maximise coverage of the pharmacy agenda by continual increasing its share of media voice. In 2016 RPS members represented the profession on national and regional media (TV, radio and print) on average five times a week. Antibiotic resistance, the importance of clinical trials, how pharmacists can help patients in care homes and play a central role in managing long term conditions were just some of the topics discussed this year.
- Total publishing revenues have grown by £1m. Revenues from digital formats have grown by £1m over the course of the year and these now make up 43 percent of all publishing revenues. Despite the general downward trend for print and advertising, revenues have bucked the trend and remain broadly flat.
- Pharmaceutical Press successfully published 5 new titles during the year, in addition to new editions of British National Formulary ("BNF") 71, BNF 72, BNF for Children 2016-17, Medicines and Ethics & Practice 39<sup>th</sup>.
- Strengthened partnerships with our valued partners at the BMJ and the RCPCH.

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- Our investment portfolio held by Ruffer LLP has grown by 10 percent to £9.4m, reflecting its resilience during a period of significant uncertainty. Its goal is to deliver consistent positive returns, regardless of how the financial markets perform.
- The RPS continued to meet the Pension Fund obligations with an additional £600,000 being funded during the year at the request of the Scheme Trustee. Our business plan moving forward anticipates payment of this additional funding of £600,000 per annum for the foreseeable future.

## Royal Pharmaceutical Society of Great Britain

### Statement of the Assembly's responsibilities for the preparation of financial statements

The Assembly is responsible for preparing the Report of the Assembly and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

By Royal Charter, the Assembly is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RPS and of the incoming resources and application of resources, including the income and expenditure, of the RPS for that period.

In preparing these financial statements, the Assembly is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Assembly is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RPS. They are also responsible for safeguarding the assets of the RPS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Assembly members confirms that:

- so far as the member is aware, there is no relevant audit information of which the RPS' auditor is unaware; and
- the member has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the RPS' auditor is aware of that information.

The Assembly members are responsible for the maintenance and integrity of financial information included on the RPS' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The auditors, Buzzacott LLP will be proposed for re-appointment.

*By order of the Assembly*

Mr David Thompson  
Treasurer  
23<sup>rd</sup> March 2017

## Royal Pharmaceutical Society of Great Britain

### INDEPENDENT AUDITOR'S REPORT TO THE ASSEMBLY OF THE ROYAL PHARMACEUTICAL SOCIETY OF GREAT BRITAIN

We have audited the financial statements of the Royal Pharmaceutical Society for the year ended 31 December 2016 which comprise the income and expenditure account including the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the members of the Assembly, as a body, in accordance with the Bye Laws of the RPS. Our audit work has been undertaken so that we might state to the RPS' members 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 RPS and the RPS' members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of the Assembly and auditor

As explained more fully in the Statement of the Assembly's responsibilities, the Assembly is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the RPS' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assembly members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Assembly to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the RPS' affairs as at 31 December 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

#### Opinion on other matters

In our opinion the information given in the report of the Assembly for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

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- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

## Royal Pharmaceutical Society of Great Britain

### STATEMENT OF INCOME AND RETAINED EARNINGS For the year ended 31 December 2016

	Note	2016 £000s	2016 £000s	2016 £000s	2016 £000s	2015 £000s
		<i>General Reserve</i>	<i>Pensions Reserve</i>	<i>Investment Reserve</i>	Total	Total
Income	2	22,176	-	159	22,335	20,745
Expenditure	2	(22,979)	277	(85)	(22,787)	(21,850)
<b>Operating surplus/(deficit)</b>		(803)	277	74	(452)	(1,105)
Contract provisions	15	(450)	-	-	(450)	-
Net investment (loss)/gain	11	-	-	1,190	1,190	634
Surplus on disposal of land and buildings		-	-	-	-	11,724
Interest receivable/(payable) and similar income	4	8	-	-	8	11
<b>Surplus/(deficit) on ordinary activities before taxation</b>	6	(1,245)	277	1,264	296	11,264
Taxation	7	-	-	-	-	(163)
<b>Surplus/(deficit) on ordinary activities after taxation</b>		(1,245)	277	1,264	296	11,101
Transfers between funds		1,401	-	(1,401)	-	-
<b>Other comprehensive income</b>						
Recognition of heritage assets at valuation		-	-	-	-	3,500
Pension scheme actuarial (loss)/gain	18	-	(3,677)	-	(3,677)	879
Deferred tax on scheme liability	17	-	550	-	550	(509)
<b>Retained surplus/(deficit) for the year</b>		156	(2,850)	(137)	(2,831)	14,971
<b>Reconciliation of funds</b>						
Total funds brought forward		17,569	(2,292)	10,913	26,190	11,219
<b>Accumulated funds as at 31 December 2016</b>		17,725	(5,142)	10,776	23,359	26,190

## Royal Pharmaceutical Society of Great Britain

### BALANCE SHEET

As at 31 December 2016

	Note	2016 £000s	2016 £000s	2015 £000s	2015 £000s
<b>Fixed Assets</b>					
Heritage assets	8		3,500		3,500
Intangible assets	9		1,135		979
Tangible assets	10		16,094		16,368
Investments	11		10,776		11,074
			<b>31,505</b>		<b>31,921</b>
<b>Current assets</b>					
Stock	12	127		116	
Debtors	13	4,295		5,247	
Cash in hand and at bank		1,685		1,252	
		<b>6,107</b>		<b>6,615</b>	
Creditors: amounts falling due within one year	13	(7,813)		(9,206)	
<b>Net current liabilities</b>			<b>(1,706)</b>		<b>(2,591)</b>
Provisions	14		(828)		(378)
Pension scheme liability	19		(6,265)		(2,865)
Deferred tax asset			653		103
<b>Net assets</b>			<b>23,359</b>		<b>26,190</b>
<b>Funds employed</b>					
Accumulated fund			17,725		17,569
Investment reserve:					
Historical cost		9,586		10,442	
Revaluation reserve		1,190		471	
			<b>10,776</b>		<b>10,913</b>
<b>Total funds before pension asset</b>			<b>28,501</b>		<b>28,482</b>
Pension scheme reserve			(5,142)		(2,292)
<b>Total funds including surplus/deficit on pension scheme reserve</b>			<b>23,359</b>		<b>26,190</b>

The financial statements were approved by the Assembly on 23<sup>rd</sup> March 2017 and were signed on its behalf by Mr M Astbury and Mr D Thompson:

Mr Martin Astbury  
President

Mr David Thompson  
Treasurer



## Royal Pharmaceutical Society of Great Britain

### STATEMENT OF CASH FLOWS

Year to 31 December 2016

	Note	2016 £000s	2015 £000s
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(455)	(2,458)
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		(290)	(4,290)
Payments to acquire intangible fixed assets		(476)	(239)
Receipts from disposals of tangible fixed assets		-	16,077
Payments to acquire investments		(3,854)	(9,493)
Receipts from disposal of investments		3,749	1,247
Investment income received		167	66
<b>Net cash (used in) provided by investment activities</b>		<b>(704)</b>	<b>3,368</b>
Change in cash and cash equivalents in the year		(1,159)	910
Cash and cash equivalents at 1 January 2016	B	3,018	2,108
Cash and cash equivalents at 31 December 2016	B	<b>1,859</b>	<b>3,018</b>

#### Notes to the cash flow statement for the year to 31 December 2016

##### A. Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2016 £000s	2015 £000s
Net income (expenditure) before transfers	296	11,264
Pension adjustment	(277)	(129)
Amortisation charge	320	257
Depreciation charge	563	387
Surplus on disposal of land and buildings	-	(11,724)
Net investment gains	(1,190)	(634)
Investment income	(165)	(66)
Decrease/(increase) in stocks	(11)	(13)
Decrease/(increase) in debtors	952	(783)
(Decrease)/increase in creditors	(943)	(1,017)
<b>Net cash used in operating activities</b>	<b>(455)</b>	<b>(2,458)</b>

##### B. Analysis of changes in cash and cash equivalents

	At 31 December 2016 £000s	At 31 December 2015 £000s
Cash at bank and in hand	1,685	1,252
Cash held by investment managers	174	1,766
<b>Total</b>	<b>1,859</b>	<b>3,018</b>



# Royal Pharmaceutical Society of Great Britain

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 1) Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

#### a) Accounting convention

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The accounts are presented in sterling and are rounded to the nearest thousand pounds.

#### b) Areas of critical judgement

Preparation of the accounts requires the Assembly to make critical judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

##### Provisions

A provision has been included in the accounts for the costs payable in respect to the settlements for the fit-out of 66 East Smithfield project. This is based on management's prudent estimate of the costs payable, including a contribution to amounts claimed but not agreed contractually.

Other material provisions include onerous contracts which the Society will not receive any benefit from.

#### c) Heritage assets

The RPS' heritage assets comprise collections of books, drug jars, silver plates and general artefacts. Any additions to the collection are now received by way of donations. See note 8 for further information.

Heritage assets have been recognised in the statement of financial position separately from other assets. The assets have been valued by St George Valuations, taking into account full market value. The work was completed in 2015.

The RPS carries out an annual impairment review to assess whether a heritage asset is impaired and, if so, to recognise and measure the impairment loss.

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 1) Accounting policies (continued)

##### d) Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, in equal annual instalments over the expected useful economic lives of the assets.

The principal annual rates in use are:

	Annual rates
Freehold property	2%
Long leasehold*	2%
Plant and machinery	5%-20%
Office equipment:	
General office & computer equipment	20% - 33%

No depreciation is provided on freehold land and no depreciation is provided on assets in the course of construction.

\*Less than 50 years constitutes short leasehold, such as the 15 years on Scottish Office leasehold. Short leaseholds are depreciated over the life of the lease.

##### e) Intangible fixed assets

Intangible assets are valued at the cost to the RPS of acquiring these assets. Amortisation of intangible fixed assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives. All intangible assets are assumed to have useful lives of five years and are amortised accordingly at an annual rate of 20%. An annual impairment review is carried out for each asset after it has been brought into use to re-assess its remaining useful life and that it still meets the definition of an intangible asset.

##### f) Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The main form of financial risk faced by the Society is that of volatility in equity and other investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

# Royal Pharmaceutical Society of Great Britain

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### l) Accounting policies (continued)

#### f) Investments (continued)

Properties held for investment purposes are included in these accounts at open market value. Investment properties are revalued periodically when the market value of the investment property is known to be materially different to the carrying value of that property. The valuation has been determined with professional assistance from an independent valuer. The valuer has made their assessment based on the evidence of sales transactions and current offers made on similar properties in the vicinity of the investment property.

#### g) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value and after making due allowance for obsolete and slow moving items. Materials and associated pre-press costs make up the unit cost of printed goods. In line with industry practice, the RPS is writing off publication editorial costs as incurred.

#### h) Income

Income from professional activities and publishing is stated net of Value Added Tax, where appropriate, and represents the invoiced value of goods and services supplied.

Deferred income, by way of membership fees and other subscriptions are recognised in the Income and Expenditure Account in the year to which they relate on a pro rata basis. This is income received during the accounting period but for which the RPS has not yet supplied the goods and services to which that income relates.

Interest on loans and deposits is accrued as earned.

#### i) Revenue grants

Revenue grants receivable are matched against the expenditure of the specific projects in respect of which they are granted. Where projects span more than one accounting period, any excess of grants received over expenditure incurred to date is carried forward in the RPS' Balance Sheet as a current liability.

#### j) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into sterling using HMRC rates as at the balance sheet date. Transactions in the year are re-valued at the end of each calendar month at the rate in force at that date. Foreign exchange differences are taken to the Income and Expenditure Account in the year in which they arise.

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### l) Accounting policies (continued)

##### k) Pension costs

The RPS operates a defined contribution arrangement for all eligible employees to which the RPS contributes varying percentages of salary depending upon the age of the employee. Contributions to the scheme are accounted for on an accruals basis.

As the defined benefit pension scheme accrual ceased from April 2012 there is no current service cost. The pension scheme assets are measured using fair values at each balance sheet date. The scheme's liabilities are measured using the projected unit actuarial method. Actuarial gains and losses, in respect of the RPS' defined benefit scheme are recognised in the statement of total recognised gains and losses for the period. Other movements are allocated to the Income and Expenditure account.

##### l) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

##### m) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

##### n) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Society anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

##### o) Fund structure

The general accumulated fund comprises the surplus of income over expenditure on the ordinary activities of the RPS over the period of its existence.

The pension reserve comprises the deficit on the RPS' pension scheme, after making provision for deferred taxation on the scheme liability. As the amount is an actuarial estimate, and does not represent a liability that will be settled in the near future, it has been presented separately from the RPS' general fund.

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### l) Accounting policies (continued)

##### o) Fund structure (continued)

The investment reserve comprises two elements: the cost of the RPS' investments and the total return earned on those investments. Total return comprises two elements: a capital return and an income return. Currently, the RPS is building up the unapplied total return on investments within the investment reserve. £1.5m was withdrawn from the portfolio in the year.

##### p) Operating lease rentals

Operating lease rentals are charged to the Income and Expenditure Account over the lease term on a straight-line basis.

##### q) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 2) Income and expenditure

	Note	Income		Expenditure	
		2016 £000s	2015 £000s	2016 £000s	2015 £000s
<b>From professional body activities</b>					
Professional Member fees		4,666	4,641		
Assembly		-	-	169	217
Chief Executive		1	1	442	366
English, Scottish and Welsh Boards		78	62	2,349	2,393
Professional Development		413	361	1,887	1,899
Marketing and Membership		522	472	1,859	1,750
Resources		290	43	3,670	2,862
Cost transfer to Pharmaceutical Press		-	-	(2,026)	(1,850)
<b>Total from professional body activities</b>		<u>5,970</u>	<u>5,580</u>	<u>8,350</u>	<u>7,637</u>
Pharmaceutical Press		16,206	15,110	12,603	12,452
Costs transfer to Pharmaceutical Press		-	-	2,026	1,850
<b>Total Pharmaceutical Press</b>		<u>16,206</u>	<u>15,110</u>	<u>14,629</u>	<u>14,302</u>
<b>Total for the year</b>		<u><u>22,176</u></u>	<u><u>20,690</u></u>	<u><u>22,979</u></u>	<u><u>21,939</u></u>

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 3) Information regarding employees

Employee costs represent:

	2016 £000s	2015 £000s
Wages and salaries	8,455	8,118
Social security costs	854	826
Pension costs	1,150	1,170
	10,459	10,114

The number of persons employed by the RPS at the end of the year was:

	No.	No.
Professional Development Resources	31	32
Membership and Marketing	24	24
Chief Executives Office	20	20
English, Scottish and Welsh Pharmacy Boards	3	3
Pharmaceutical Press	22	28
	101	96
	201	203

	No.	No.
Monthly average of employees in post during the year	206	199

Chief Executive and Directors' remuneration

	2016 £000s	2015 £000s
Basic salaries	1,333	1,265
Benefits	13	9
Pension contributions	115	116
	1,461	1,390

Chief Executive and Directors' remuneration, excluding pension contributions, fell within the following ranges:

	2016 No.	2015 No.
£70,001-£80,000	4	2
£80,001-£90,000	3	6
£90,001-£100,000	2	1
£100,001-£110,000	-	-
£110,001-£120,000	1	1
£120,001-£130,000	1	2
£130,001-£140,000	1	-
	12	12

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 4) Interest receivable/(payable) and similar income

	2016 £000s	2015 £000s
Interest receivable	8	14
Pension interest (payable)/receivable	-	-
	8	14

#### 5) Interest payable and similar expenditure

	2016 £000s	2015 £000s
Interest payable on overdrawn balances	(1)	(1)

#### 6) Deficit on ordinary activities before taxation

	2016 £000s	2015 £000s
This is stated after charging:		
Operating lease rentals	40	45
Depreciation of fixed assets	884	644
Auditor's remuneration:		
Buzzacott LLP: audit services:		
Current Year	23	23
Prior Year	5	-
Buzzacott LLP: other services	20	7
	972	719

#### 7) Taxation

	2016 £000s	2015 £000s
Profit/(Loss) for the period	296	11,264
Expected tax charge at 20% (2015:20.25%)	(59)	(2,281)
Effects of:		
Disallowable expenditure	(41)	(19)
Capital losses	-	177
Non-taxable income	297	2,369
Utilisation of tax losses and other deductions (see note 18)	550	-
Unrelieved losses carried forward	(197)	(409)
<b>Actual tax credit</b>	<b>550</b>	<b>(163)</b>



## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 8) Heritage assets

The Museum of the RPS, established in 1842, has collections covering all aspects of British pharmacy history including:

- traditional dispensing equipment
- drug storage containers
- fine "Lambeth delftware" dating from the 1600s and 1700s
- proprietary (brand name) medicines dating from the 1700s to present
- bronze and bell metal mortars
- medical caricatures
- a photo archive.

Preservation and management

The museum has two part-time curators who are responsible for maintaining the museum's register of objects. There are around 45,000 objects within the collection, of which only a sample is on display at any one time. Objects in the stored collections are available to be viewed by appointment.

#### 9) Intangible fixed assets

	Product Development £000s	Total £000s
<b>Cost</b>		
As at 1 January 2016	1,314	1,314
Additions	476	476
Disposals	(3)	(3)
<b>As at 31 December 2016</b>	<b>1,787</b>	<b>1,787</b>
<b>Depreciation</b>		
As at 1 January 2016	335	335
Charge for the year	320	320
Disposals	(3)	(3)
<b>As at 31 December 2016</b>	<b>652</b>	<b>652</b>
<b>Net Book Value</b>		
As at 31 December 2016	<b>1,135</b>	<b>1,135</b>
As at 31 December 2015	<b>979</b>	<b>979</b>

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 10) Tangible fixed assets

	Freehold Property £000s	Long Leasehold £000s	Plant & Machinery £000s	Office Equipment £000s	Total £000s
<b>Cost</b>					
As at 1 January 2016	13,302	111	2,183	3,840	19,436
Additions	112	-	19	159	290
Disposals	-	-	(43)	(2,089)	(2,132)
<b>As at 31 December 2016</b>	<b>13,414</b>	<b>111</b>	<b>2,159</b>	<b>1,910</b>	<b>17,594</b>
<b>Depreciation</b>					
As at 1 January 2016	160	45	85	2,779	3,069
Charge for the year	200	7	127	229	563
Disposals	-	-	(43)	(2,089)	(2,132)
<b>As at 31 December 2016</b>	<b>360</b>	<b>52</b>	<b>169</b>	<b>919</b>	<b>1,500</b>
<b>Net Book Value</b>					
<b>As at 31 December 2016</b>	<b>13,054</b>	<b>59</b>	<b>1,990</b>	<b>991</b>	<b>16,094</b>
<b>As at 31 December 2015</b>	<b>13,143</b>	<b>66</b>	<b>2,098</b>	<b>1,061</b>	<b>16,368</b>

#### 11) Investments

	Investment Property £000s	Listed Investments £000s	Total £000s
As at January 2016	1,400	7,908	9,308
Additions	-	3,854	3,854
Disposal at book value (proceeds: £3,749,343 realised losses: £297,236)	-	(4,047)	(4,047)
Unrealised gains/(losses)	-	1,487	1,487
<b>As at 31 December 2016</b>	<b>1,400</b>	<b>9,202</b>	<b>10,602</b>
Cash held for reinvestment	-	174	174
<b>Total investments as at 31 December 2016</b>	<b>1,400</b>	<b>9,376</b>	<b>10,776</b>
Historical cost of investments as at 31 December 2016	427	7,882	8,309

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 12) Stocks and work in progress

	2016	2015
	£000s	£000s
Work in progress	14	22
Finished goods and goods for resale	113	94
	127	116

#### 13) Debtors

	2016	2015
	£000s	£000s
Trade debtors	1,786	3,012
Other debtors	-	41
Prepayments and accrued income	2,055	1,837
VAT debtor	454	357
	4,295	5,247

#### 14) Creditors

##### a. Amounts falling due within one year

	2016	2015
	£000s	£000s
Trade creditors	1,392	2,895
Other taxes and social security	226	257
Other creditors	721	622
Accruals	481	661
Deferred income:		
Subscription income	2,440	2,302
Licensing income	1,582	1,180
Membership income	724	614
Other income	247	675
	7,813	9,206

#### 15) Provisions

	2016	2015
	£000s	£000s
As at January 2016	(378)	-
Additions	(450)	(378)
Released	-	-
As at 31 December 2016	(828)	(378)

Details of provisions are included in the accounting policies.

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 16) Financial commitments

	2016 £000s	2015 £000s
Operating leases which expire:		
Within one year	31	40
Within two to five years	13	45
	44	84

#### 17) Investment reserve

The makeup of the investment reserve as at 31 December 2016 is:

	2016 £000s
Investment reserve as at 1 January 2016	10,913
Additions to the investment reserve	-
Withdrawals from the investment reserve	(1,401)
Net investment gains	1,190
Surplus of investment income over management expenses	74
	10,776

#### Unapplied total return available within the investment reserve

	Income return £000s	Capital return £000s	2016 Total £000s
As at 1 January 2016	15	634	649
Returns in the period	75	1,190	1,265
Returns released to the general reserve	(90)	(1,311)	(1,401)
<b>As at 31 December 2016</b>	<b>-</b>	<b>513</b>	<b>513</b>

#### 18) Deferred tax asset

	2016 £000s	2015 £000s
Opening deferred tax asset	103	468
Pension scheme liability	550	(202)
Actual tax charge	-	(163)
Total net deferred tax asset (liability)	653	103

# Royal Pharmaceutical Society of Great Britain

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 19) Pensions

Payments into the defined contribution/Group Stakeholder Pension Plan scheme of £549,768 (2015: £569,521) were due in the year, of which £66,000 (2015: £72,000) were outstanding at year end.

The RPS Staff Pension Scheme is a defined benefit scheme closed to new entrants. The assets of the scheme are held separately, under the control of its trustees, and the RPS does not have access to these funds. An actuarial assessment was carried out as at 31 December 2012 and the results were updated to 31 December 2015 by a qualified actuary.

In April 2012, the RPS closed the scheme to future accrual, but continues to look at ways to reduce its exposure to the Scheme and limit the cost of maintaining the Scheme in the future. In accordance with the requirements of section 28 of FRS 102, the Scheme actuary has carried out a valuation of the Scheme using the assumptions specified by the reporting standard. The assumptions used in calculating the expected return on assets and the Scheme's liabilities are detailed in the following disclosures.

The FRS102 valuation as at 31 December 2016 reveals a scheme deficit of £6,265,000. This is an increase on the deficit declared at the end of 2015 (£2,865,000).

In addition to the contribution rates required to meet the cost of benefits earned by members in the future, the RPS is paying monthly contributions of £50,000 until 29 February 2024. It is anticipated that the additional contributions will eliminate the shortfall revealed by the 31 December 2012 valuation by 29 February 2024.

The next full actuarial valuation is due not later than as at 31 December 2018, with annual updates in the intervening years. The Employer will continue to monitor funding levels on, at least, an annual basis.

The total estimated contributions for the year ended 31 December 2017 are £600,000.

a) The amounts recognised in the balance sheet are as follows:

	2016	2015
	£000	£000
Present value of funded obligations	(70,143)	(57,550)
Fair value of plan assets	63,878	54,685
<b>Net liability</b>	<b>(6,265)</b>	<b>(2,865)</b>
Amounts in the balance sheet:		
Liabilities	(6,265)	(2,865)
Assets	-	-
<b>Net Asset</b>	<b>-</b>	<b>-</b>

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 19) Pensions (continued)

b) Changes in the present value of the defined benefit obligation are as follows:

	2016	2015
	£000	£000
<b>Opening defined benefit obligation</b>	<b>57,550</b>	<b>60,167</b>
Interest cost	2,086	2,075
Administration costs	224	346
Actuarial (gain) loss	12,833	(2,923)
Benefits paid	(2,550)	(2,115)
<b>Defined benefit obligation at end of year</b>	<b>70,143</b>	<b>57,550</b>

c) Changes in the fair value of the scheme assets are as follows:

	2016	2015
	£000	£000
<b>Opening fair value of scheme assets</b>	<b>54,685</b>	<b>56,294</b>
Interest income	1,987	1,950
Actuarial gain (loss)	9,156	(2,044)
Employer contributions	600	600
Benefits paid	(2,550)	(2,115)
<b>Fair value of scheme assets at the year end</b>	<b>63,878</b>	<b>54,685</b>

d) The amounts included within the Income and Expenditure Account are as follows:

	2016	2015
	£000	£000
Administration cost	224	346
<b>Total amount charged within surplus as operating activities before tax</b>	<b>224</b>	<b>346</b>

e) Analysis of pension finance income

	2016	2015
	£000	£000
Interest on scheme assets	1,987	1,950
Interest on pension liabilities	(2,086)	(2,075)
<b>Pension finance income</b>	<b>(99)</b>	<b>(125)</b>

f) Amount recognised in other comprehensive income

	2016	2015
	£000	£000
Actuarial gain (loss) on liabilities	(12,833)	2,923
Actuarial gain (loss) on assets	9,156	(2,044)
<b>Actuarial gain recognised in other comprehensive income</b>	<b>(3,677)</b>	<b>879</b>

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 19) Pensions (continued)

g) The major categories of scheme assets as a percentage of total Scheme assets are as follows:

	2016	2015
Equity securities	10.6%	11.20%
Debt securities	0%	12.60%
Other	89.4%	76.20%
	100%	100%

	2016 £'000	2015 £'000
The actual return on the scheme assets in the year	11,143	(94)

h) Principal assumptions at the balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate	2.65%	3.70%
Aggregate long-term expected rate of return on scheme assets (net of expenses)	2.65%	3.70%
Retail Prices Index (RPI) inflation	3.65%	3.30%
Consumer Prices Index (CPI) inflation	2.65%	2.30%
Future increases to deferred pensions	2.65%	2.30%
Rate of increase of pensions in deferment:		
LPI (max 5%) based on RPI	3.35%	3.10%
LPI (max 2.5%) based on RPI	2.15%	2.10%

i) The amounts for the current and previous periods are as follows:

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	70,143	57,550	(60,167)	(54,083)	(53,745)
Scheme assets	(63,878)	(54,685)	56,294	56,813	54,021
Surplus / (deficit)	(6,265)	(2,865)	(3,873)	2,730	276
Non-recognition of surplus	0	0	0	(2,730)	(276)
Experience adjustments on scheme liabilities	(12,833)	2,923	(5,464)	(643)	8
Experience adjustments on scheme assets	9,156	(2,044)	(1,452)	2,020	146

## Royal Pharmaceutical Society of Great Britain

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

#### 19) Pensions (continued)

j) Life expectancy:

	2016	2015
<b>Retiring Now</b>		
Males	27.7	27.3
Females	29.5	29.4
<b>Retiring in 20 years</b>		
Males	30.0	29.3
Females	31.4	31.0

k) Asset breakdown

	2016	2015
UK equities	10.6%	6.7%
Overseas equities	0.0%	4.5%
UK Government Index Linked Bonds	0.0%	12.6%
LDI	11.7%	0.0%
DGF	32.2%	32.4%
Insurance Contracts	43.1%	42.9%
Cash	2.4%	0.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

#### 20) Related Party Transactions

During the year, the Pharmacy Research UK ("PRUK" - previously known as the Pharmaceutical Trust for Education and Charitable Objects or "PTECO"), gave funding to the RPS of £92,000 (2015: £56,000) to undertake the administration of its research activities. One Officer of the RPS is a "PRUK" trustee.

The Assembly and Board members together with the Chief Executive and Directors are considered to be the key management personnel of the Society. The salaries of the Chief Executive and Directors are shown in note 3 to these accounts.

Due to their expertise within the pharmaceutical field, Assembly and Board members may complete small pieces of editorial work for the RPS. These are monitored by management and the Assembly and are made at standard rates. In 2016, payments for Board and Assembly related activities totalled £253,000 (2015: £330,000).