

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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# Royal Pharmaceutical Society of Great Britain

## ASSEMBLY MEMBERS AND ADVISORS

### President

Ashok Soni	Appointed	18 July 2017
Martin Astbury	Resigned	18 July 2017

### Treasurer

David Thomson	Reappointed	18 July 2017
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### Assembly

#### National Board Chairs

Sandra Gidley	Reappointed	19 July 2017
John McAnaw	Reappointed	19 July 2017
Suzanne Scott-Thomas	Reappointed	19 July 2017

#### Other members

David Carter	Reappointed	19 July 2017
Sultan Dajani	Reappointed	19 July 2017
Linda Hakes	Reappointed	19 July 2017
Paul Harris	Reappointed	19 July 2017
Hamish Wilson	Reappointed	19 July 2017
Sibby Buckle	Reappointed	19 July 2017
Martin Astbury	Reappointed	19 July 2017
Mahendra Patel	Appointed	19 July 2017
Nigel Ratcliffe	Appointed	19 July 2017
Catherine Armstrong	Resigned	18 July 2017
Claire Anderson	Resigned	18 July 2017
Duncan Craig	Resigned	18 July 2017

### Chief Executive

Paul Bennett

### Director of Finance and Resources

Simon Redman

### Principal Office

66 East Smithfield  
London  
EIW 1AW

### Auditors

Buzzacott LLP  
130 Wood St  
London  
EC2V 6DL

### Solicitors

Laytons Solicitors LLP  
2 More London Riverside, London  
SE1 2AP

### Bankers

National Westminster Bank, 91  
Westminster Bridge Road, Lambeth,  
London, SE1 7HW

## LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE

### **Professional Leadership**

The work that the Royal Pharmaceutical Society has been doing in the leadership of the profession to improve the health and wellbeing of the public has never been more important than it has been during 2017.

The elected members of the National Pharmacy Boards, members of the Assembly and the Executive team and staff of the Society remain totally focussed on strengthening the Society in all aspects of its operations to ensure that it has a strong and viable future in order to advance the profession of pharmacy for patient and public benefit.

The work we have been doing over the last seven years to ensure that the Society is able to meet its strategic objectives, re-affirmed in 2016, (Strategy 2016-2021), has ensured that the Society has worked hard to;

- Continuously advancing both pharmaceutical science and pharmacy practice to improve the safety and efficacy of medicines and the quality of pharmaceutical care
- Promoting research and evaluation to inform professional practice and evidence led patient benefit
- Supporting the continuous professional development and improvement of our members
- Leading and promoting the advancement of science, practice and education in pharmacy to shape and influence the future delivery of pharmacy
- Providing timely and relevant medicines information and advice
- Recognising professional development through the RPS Foundation and Faculty programmes
- Ensuring the voice of the whole profession is heard at the highest levels of healthcare and government through direct advocacy, our responses to consultations, policy developments, and the RPS expert advisory panels, forums and groups.

We have worked tirelessly to advocate on behalf of the profession and our membership with Government, across all three nations of Great Britain, and with key stakeholders. We have appeared before many committees and given evidence in support of the role of the pharmacist and of pharmaceutical science in ensuring that the public are able to get the most from their medicines and in order to further the agenda on medicines safety.

### **In Scotland:**

During 2017, RPS Scotland continued to advocate on the intentions contained within our manifesto for the 2016 Scottish Parliamentary elections and it was a productive outcome when the Scottish Government launched its "Achieving Excellence in Pharmaceutical Care"- A Strategy for Scotland, as it reflected many of our manifesto asks which were developed with input and feedback from our members:

- Recognition that pharmacists' expertise across the NHS is required to ensure the safer use of medicines
- Potential expansion of the minor ailment service to the whole population
- Importance of pharmacy technicians in freeing up pharmacist time for clinical care
- Electronic prescribing for pharmacist prescribers
- Access to health records
- Improved health literacy
- Workforce planning

Our RPS long term conditions policy called for pharmacists to have a much greater role in the managing and monitoring of people with long term conditions and it was reassuring to see this aspiration reflected in the strategy for all sectors of the profession.

Throughout the year we engaged with many MSPs, at party political conferences, MSP visits to pharmacies, and one to one MSP meetings in the parliament. The main focus was on those MSPs with a health related remit, government ministers, shadow health spokespersons and members of the Health and Sport committee. We

## Royal Pharmaceutical Society of Great Britain

### LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE (continued)

#### **In Scotland: (continued)**

lobbied on our key manifesto asks but also advocated and influenced on the further development of pharmacy roles across all sectors.

Throughout 2017, RPS Scotland was regularly called on to make written submissions and give oral evidence to the Scottish Parliament's Health and Sport committee. Some examples included the inquiry into the Scottish Government Budget; Consultation on Healthcare in Schools, the E-Health Enquiry and the role of the Pharmacist in type 2 Diabetes prevention. The fact that RPS Scotland is now regularly asked to give evidence to the Parliament is a direct reflection of our professional advocacy work with parliamentary members.

In March 2017, RPS Scotland delivered a two day exhibition in the Scottish Parliament, engaging with MSPs, promoting the role of the pharmacist and showcasing pharmacy as a science based profession. This was a hugely successful piece of advocacy work which then led to a series of MSP visits to pharmacies, demonstrating pharmacy practice on the frontline of healthcare.

In early 2017, RPS Scotland, the Royal College of General Practitioners, the Royal College of Nursing and Community Pharmacy Scotland joined together with all of the allied health professions to form the Primary Care Clinical Professions Group, a powerful one voice advocacy group to influence the Scottish Government on the direction of primary care in Scotland. Important outputs from this group included "The future of primary care in Scotland: a view from the professions" and "A digital strategy for Scotland 2017 and beyond: a view from the professions". This health professionals' collaborative will become increasingly influential as we continue to drive the profession forward in 2018.

#### **In Wales;**

Throughout 2017 RPS Wales continued to work with the National Assembly for Wales and NHS Wales on behalf of our membership. By responding to consultations, providing written evidence to Assembly inquiries and appearing in front of Assembly Committees we ensured that the voice of the profession was heard.

Our calls for an assurance on the sustainability of funding for cluster pharmacy posts and our 2015 vision for pharmacy within primary care clusters were clearly referenced in the final report of the Health, Social Care and Sport Committee's inquiry into primary care clusters. Our recommendations for a greater focus on workforce planning and development were also taken on board by the Public Accounts Committee this year when we provided evidence into the inquiry into medicines management.

Following our campaign and policy recommendations on the use of medicines in care homes in 2016, we were delighted to be invited to provide evidence into the inquiry into the use of antipsychotic medication in care homes and we look forward to the final report in 2018.

Creating the environment for the profession to excel is at the heart of our advocacy work. We continued to meet with Assembly Members from all political parties during 2017 and outlined the benefits of greater integration of the pharmacy team in models of NHS care. As result we have seen our policy vision for pharmacy in Wales gaining more traction with AMs and the Welsh Government. We were thrilled that as a result of years of campaigning, Cabinet Secretary for Health, Vaughan Gething, used our 7th Medicines Safety Conference as a platform to announce plans for 2018 to allow community pharmacists access to GP patient records.

## Royal Pharmaceutical Society of Great Britain

### LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE (continued)

#### **In Wales: (continued)**

We believe that the momentum we have created during 2017 and in previous years has created the most important window of opportunity that the pharmacy profession in Wales has ever had. Our commitment to advocating for the profession will therefore continue in earnest in 2018 as we work closely with the Welsh Pharmaceutical Committee to shape the future direction for pharmacy in Wales and as we work with key partners to shape the future of the pharmacy team in palliative and end of life care. We will also be addressing the health and wellbeing of pharmacists practising in Wales throughout the year and looking for strategic solutions to address workplace pressures in every pharmacy workplace.

#### **In England;**

The work has also continued at pace, notably engaging with the new Government following the 2017 general election. The new Pharmacy Minister, Steve Brine spoke at our annual conference in September where he gave a personal commitment to bring the defence against criminal prosecution of pharmacists for inadvertent dispensing errors into law. This is something the Society has been instrumental in influencing through strong advocacy and which is now being delivered.

At the time of writing we are also awaiting the consultation on a similar defence for pharmacists working in secondary care and other health settings as well as a consultation on the role of the Responsible Pharmacist and Superintendent Pharmacist.

Through our position on the Rebalancing Medicines Legislation and Pharmacy Regulation Programme Board we have influenced Government and the Department of Health to bring about much needed assistance for pharmacists to begin to have more confidence that when an accidental dispensing error is made and reported (so that they and others can learn to avoid reoccurrences in the future) there is not a fear of prosecution.

In England we have also submitted written evidence to Parliamentary select committee inquiries on issues such as Life Sciences and the Industrial Strategy, and the impact of Brexit on access to medicines. We have been engaging with MPs and Peers through the All-Party Pharmacy Group, including an evidence session with the Chair of the English Pharmacy Board and participated in a range of advisory groups, such as the cross-professional Summary Care Record Expert Advisory Group hosted by NHS Digital.

#### **Science & Research**

During 2017 we have also refocused our efforts on science and research and restructured the team with the appointment of a new Deputy Chief Scientist and announced the appointment of a new Chief Scientist. The new team will be fully in place by spring 2018 and will ensure that we further raise the profile of our work in these areas and take forward our leadership role in pharmaceutical sciences.

To underpin this, the Assembly agreed to the formation of a new Science and Research Board which reports to the Assembly and which draws upon the expertise of many eminent scientists working across academia, industry and practice. This board will help inform and shape our thinking more than ever before.

We have also been active in promoting the role the pharmacist in both medicines safety and antimicrobial resistance, underpinned by evidence. These are two extremely important areas of policy for our members and this is reflected in the effort that the teams at the Society have put into delivering events and creating support materials.

Our work in these areas does not stop with the start of a new financial year and we will continue to build on this work in 2018 with a focus on several campaigns that are relevant to all of our members wherever they may practice.

LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE (continued)

**Pharmaceutical Press – World Class Publishing**

We also took steps in 2017 to build upon the investment that had previously been made in our publishing business and this has delivered significant benefit to the Society which, in turn, has enabled us to strengthen our membership offer.

As traditional publishing has seen decline, the investment previously made in building our digital capability has proven wise and timely. Our publishing business generated revenues of £17.8m and user experience has been enhanced with the latest products. A popular example with our customers is the introduction of the new BNF app. MedicinesComplete (our suite of publications used by pharmacy and medical practitioners across the globe) has also seen significant growth in subscriptions as users recognise how indispensable the content has become.

Pharmaceutical Publishing is truly now a content business with a clear understanding of its customer proposition and their needs and this has delivered an exceptionally strong financial performance.

In particular, our growth in digital revenues combined with better than expected print sales have been the key drivers behind this performance. Our much enhanced digital capability has paved the way for a successful 2018 as we further capitalise on the work done to migrate such notable products as MedicinesComplete (MC). The new MC site was launched on 31st October with a managed approach to roll out that will now see all users having access to world class medicines information in a more accessible and user friendly form. We are leading the way in the content management and publication of information on medicines and their use.

Our approach to joint ventures and partnership working are also bearing fruit as we explore opportunities to develop and deliver even more great content in areas where those in healthcare practice need advice and support.

**Support and Development of the Pharmacy Profession**

We have been actively developing our support for pharmacists at whatever stage of their career they are at, be it pre-foundation, foundation or Faculty level.

The role of the Society in supporting members through the various stages of their professional development is receiving considerable focus at present. Similar to our focus on science and research mentioned previously, we have also created a new Faculty and Education Board which has a remit, delegated by the Assembly, to provide expert advice and input to the strengthening of the work the Society does on all strands of its educational and development activities. As we go further on our journey in this regard, it is important for us to reaffirm our commitment to the Foundation and Faculty programmes which are seen as a key part of our membership proposition.

During 2017 the Professional Support team has delivered an advice service on all practice matters that we consider without parallel in the pharmacy sector. Practitioners in membership turn to the Society for help with legislation and practice matters and we will continue to be there for them at their time of need.

During 2017 we also produced more world class professional standards documents and in December we published version 3 of our document Professional Standards for Hospital Pharmacy Services. These standards are aimed at providers of pharmacy services in or to acute hospital, mental health, private, community service, prison, hospice and ambulance settings and were produced following the NICE accreditation process. This adds to the suite of professional standards documentation that the Society produces to advance the profession of pharmacy.

## Royal Pharmaceutical Society of Great Britain

### LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE (continued)

#### **Robust Financial & Governance Arrangements**

During 2017 we have made sure that our governance processes remain strong and have taken steps to strengthen these yet further with the agreement of the Assembly in November to create a new Finance and Investments Committee (F&I). This new Committee, to be chaired by the Treasurer, will have oversight of the financial performance of the organisation and the investment strategy in order to ensure that we continue to maintain cash flow access to funds in order to invest in the business of the Society and develop a strong and sustainable organisation for members.

Sitting alongside the existing Audit and Risk Committee, the F&I Committee we will maintain strong fiduciary controls. We have also taken steps to strengthen the Internal Audit function within the Society and brought in changes to enhance the processes that bring about business change. New initiatives are always business cased and a clear focus on return on investment are the key metrics by which we will make investment decisions and measure our success.

In quarter four of 2017 the Assembly also agreed to a review of the general governance arrangements that are in place within the Society. Recognising that much of the rules and regulations by which the Society conducts its business are the product of a previous time, notably as a consequence of the split in 2010 from the regulatory function of the old RPSGB, there is a pressing need to revisit our arrangements.

A Governance Review was therefore commenced late in 2017 and we expect the implementation of many of these changes to come in to effect in 2018. This will make the ways of working of the Society easier to understand for our elected members, our own staff and others so we can spend more time focussing on what matters for our members.

#### **The Society's future proposition**

The decision was taken in 2017 to undertake work on our future proposition to members which involved reviewing our Vision, Mission and Purpose in order to be clear about what we stand for, what we strive to achieve and how we will look, speak and act as an organisation.

This has involved a considerable number of activities to engage with, and listen to existing members and non-members and we will be bringing this to life in 2018.

We would like to pay thanks to Alex Mackinnon, who acted as interim CEO prior to the appointment of Paul Bennett who commenced in role in July. The Executive team and their colleagues are working hard to implement the strategy determined by the Assembly and the policy positions created by the National Pharmacy Boards and along with myself as President remain resolutely focused on delivering what our members expect and need from their professional leadership body.

Ashok Soni and Paul Bennett  
President and Chief Executive  
22<sup>nd</sup> March 2018

# 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 2017.

### 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

## REPORT OF THE ASSEMBLY (continued)

### 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 appropriately skilled members of the Assembly who are not Officers of the RPS or Board Chairs, one lay member of the Assembly, 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 2017 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.

# Royal Pharmaceutical Society of Great Britain

## REPORT OF THE ASSEMBLY (continued)

### Audit and Risk Committee (continued)

- **Internal Audit.** A programme of internal audit work was presented to the Committee in 2014. 141 recommendations have been made with 119 having been closed. With the Committee's input, this work was designed to test a range of financial and non-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.
- **3 Year Business Plan and Investment Strategy.** The Assembly review the three year plan each November to ensure that there is clear strategic direction for the RPS. The current plans demonstrate growth in all parts of the business. A Finance and Investment Committee has now been formed and will meet for the first time in March 2018 and will take over the responsibility to review the detail of financial plans on behalf of the Assembly in order to make necessary recommendations, to this group, which still carry the ultimate fiduciary duty.
- **Cyber-crime and IT Security.** The Committee continues to monitor the threat of cyber-crime, but notes the work that has been in 2017 and notes that this is no longer the highest on the risk register.
- **General Data Protection and Regulations (GDPR).** Coming in force in May 2018, the RPS has begun to undertake a data protection audit and the mapping of processes to identify any gaps that may exist in meeting our obligations laid out in the new legislation. The Assembly has allocated resources to this work to ensure the RPS is compliant.

### 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. The IT service was outsourced in March 2014, which has considerably reduced the IT business continuity risks and many critical services are now placed in the cloud to improve resilience further. All IT services will be placed in the cloud by September 2018.

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 engagement
- Competition from other bodies within the pharmacy sector
- Cyber-crime and IT security
- Security of assets and information
- Potential increase in pension costs
- FIP conference hosted by the RPS in 2018

The RPS has a robust governance process to ensure that investments being made in 2018 achieve the objectives set.

# Royal Pharmaceutical Society of Great Britain

## REPORT OF THE ASSEMBLY (continued)

### Remuneration Committee

The Remuneration Committee comprises the President, the Treasurer, the Chairs of the three National Boards and one lay member. The Committee agreed that an overall 2.5% basic salary increase will be budgeted for 2018.

### The Executive Team

Consisting of the Chief Executive and Directors 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.

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 2018), undertaken by the Trustees during 2018. The Assembly and Trustees have agreed that the annual contribution of £600,000 will continue to 30 September 2025 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 18 to the financial statements. This information includes disclosures required by FRS102.

# Royal Pharmaceutical Society of Great Britain

## REPORT OF THE ASSEMBLY (continued)

### Financial Results

The financial result for 2017 before interest and taxation is a surplus of £272,000, compared to a budgeted surplus of £5,000. The comparative result for 2016 was a deficit of £452,000.

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 £428,000. The comparative result for 2016 was a surplus of £296,000.

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 £32,414,000 (2016 - £28,501,000).

### Review of business activities and future opportunities

- Total revenues grew by 5.8% in the year to £23,915,000.
- Member related income was flat year-on-year.
- Total publishing revenues have grown by £1,600,000. Revenues from digital formats have grown by £1,455,000 over the course of the year and these now make up 47 percent of all publishing revenues. Despite the general downward trend for print and advertising, revenues have remained broadly flat.
- Pharmaceutical Press successfully published 7 new titles during the year, including new editions of British National Formulary (“BNF”) 73, BNF 74, BNF for Children 2017-18, The Handbook of Pharmaceutical Excipients (8th Ed.) and Martindale, The Complete Drug Reference (39th Ed).
- Sponsored editorial content business grew five-fold to £250,000 and is proving to be a lucrative source of new revenues for Pharmaceutical Journal Publications.
- Our investment portfolio held by Ruffer LLP remained broadly flat at £9.4m. The goal is to deliver consistent positive returns, regardless of how the financial markets perform, which is defined through two investment aims:
  - not to lose money in any rolling twelve-month period
  - to generate returns meaningfully ahead of the ‘risk-free’ alternative of placing money on deposit
- 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 income 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 (FRS102) 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 Society 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 Thomson  
Treasurer  
22nd March 2018

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

### Opinion

We have audited the financial statements of the Royal Pharmaceutical Society ("the RPS") for the year ended 31 December 2017 which comprise the statement of income and retained earnings including the statement of other comprehensive income, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the RPS' affairs as at 31 December 2017 and of its surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the RPS in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, 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

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

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

### Other information

The members of the RPS are responsible for the other information. The other information comprises the information included in the report of the Assembly, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## Royal Pharmaceutical Society of Great Britain

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report. We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- 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.

#### Responsibilities of the Assembly

As explained more fully in the statement of the Assembly's responsibilities, RPS' members 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 members 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 members are responsible for assessing the RPS' 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 members either intend to liquidate the RPS or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

## Royal Pharmaceutical Society of Great Britain

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

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 2017

	Note	2017	2017	2017	2017	2017	2016
		£000s	£000s	£000s	£000s	£000s	£000s
		<i>General Reserve</i>	<i>Pensions Reserve</i>	<i>Investment Reserve</i>	<i>Property Reserve</i>	Total	Total
Income	2	23,611	160	144	-	23,915	22,612
Expenditure	2	(23,561)	-	(82)	-	(23,643)	(23,064)
<b>Operating surplus/(deficit)</b>		<b>50</b>	<b>160</b>	<b>62</b>	<b>-</b>	<b>272</b>	<b>(452)</b>
Decrease/(increase) in provisions	14	95	-	-	-	95	(450)
Net investment gains	10	-	-	58	-	58	1,190
Interest receivable and similar income	4	3	-	-	-	3	8
<b>Surplus on ordinary activities before taxation</b>	<b>5</b>	<b>148</b>	<b>160</b>	<b>120</b>	<b>-</b>	<b>428</b>	<b>296</b>
Taxation	6	-	-	-	-	-	-
<b>Surplus on ordinary activities after taxation</b>		<b>148</b>	<b>160</b>	<b>120</b>	<b>-</b>	<b>428</b>	<b>296</b>
Transfers between funds		-	-	-	-	-	-
<b>Other comprehensive income</b>							
Property revaluation gain		-	-	-	4,038	4,038	-
Pension scheme actuarial gain / (loss)	18	-	1,911	-	-	1,911	(3,677)
Deferred tax	17	-	(446)	300	(693)	(839)	550
<b>Retained surplus/(deficit) for the year</b>		<b>148</b>	<b>1,625</b>	<b>420</b>	<b>3,345</b>	<b>5,538</b>	<b>(2,831)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		17,725	(5,142)	10,776	-	23,359	26,190
<b>Accumulated funds as at 31 December 2017</b>		<b>17,873</b>	<b>(3,517)</b>	<b>11,196</b>	<b>3,345</b>	<b>28,897</b>	<b>23,359</b>

# Royal Pharmaceutical Society of Great Britain

## BALANCE SHEET

As at 31 December 2017

	Note	2017	2017	2016	2016
		£000s	£000s	£000s	£000s
<b>Fixed Assets</b>					
Heritage Assets	7		3,500		3,500
Intangible assets	8		1,772		1,135
Tangible assets	9		20,898		16,094
Investments	10		10,844		10,776
			<b>37,014</b>		<b>31,505</b>
<b>Current assets</b>					
Stock	11	130		127	
Debtors	12	5,113		4,295	
Cash in hand and at bank		1,503		1,685	
		<b>6,746</b>		<b>6,107</b>	
Creditors: amounts falling due within one year	13	(8,555)		(7,813)	
			<b>(1,809)</b>		<b>(1,706)</b>
<b>Net current liabilities</b>					
Total assets less current liabilities			35,205		29,799
Provisions	14		(1,928)		(828)
Pension scheme liability	18		(4,194)		(6,265)
Deferred tax (liability) / asset	17		(186)		653
<b>Net assets</b>			<b>28,897</b>		<b>23,359</b>
<b>Funds employed</b>					
Accumulated fund			17,873		17,725
Property revaluation reserve:		3,345		-	
Investment reserve:					
Historical cost		9,648		9,586	
Revaluation reserve		1,548		1,190	
<b>Revaluation reserve</b>			<b>14,541</b>		<b>10,776</b>
<b>Total funds before pension liability</b>			<b>32,414</b>		<b>28,501</b>
Pension scheme reserve			(3,517)		(5,142)
<b>Total funds including surplus/deficit on pension scheme reserve</b>			<b>28,897</b>		<b>23,359</b>

The financial statements were approved by the Assembly on 22nd March 2018 and were signed on its behalf by Mr Mr Ashok Soni and Mr D Thomson:

Mr Ashok Soni  
President

Mr David Thomson  
Treasurer

# Royal Pharmaceutical Society of Great Britain

## STATEMENT OF CASH FLOWS

Year to 31 December 2017

	Note	2017	2016
		£000s	£000s
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	1,239	(455)
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		(244)	(290)
Payments to acquire intangible fixed assets		(1,314)	(476)
Payments to acquire investments		(2,722)	(3,854)
Receipts from disposal of investments		2,975	3,749
Investment income received		147	167
<b>Net cash (used in) provided by investment activities</b>		<b>(1,158)</b>	<b>(704)</b>
Change in cash and cash equivalents in the year		81	(1,159)
Cash and cash equivalents at 1 January 2017	B	1,859	3,018
Cash and cash equivalents at 31 December 2017	B	<b>1,940</b>	<b>1,859</b>

### Notes to the cash flow statement for the year to 31 December 2017

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

	2017	2016
	£000s	£000s
Net income (expenditure) before transfers	428	296
Pension adjustment	(160)	(277)
Amortisation charge	490	320
Depreciation charge	614	563
Net investment gains	(58)	(1,190)
Loss on disposal of tangible fixed assets	58	-
Loss on disposal of intangible assets	187	-
Investment income	(147)	(165)
Decrease/(increase) in stocks	(3)	(11)
Decrease/(increase) in debtors	(818)	952
(Decrease)/increase in creditors	648	(943)
<b>Net cash used in operating activities</b>	<b>1,239</b>	<b>(455)</b>

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

	At 31 December 2017	At 31 December 2016
	£000s	£000s
Cash at bank and in hand	1,503	1,685
Cash held by investment managers	437	174
<b>Total</b>	<b>1,940</b>	<b>1,859</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 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. The policies have been applied consistently throughout the year.

#### 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.

##### Licensing income

During 2017 RPS analysed in more detail the profiling and timing of payments for licensing income, and a more refined and detailed methodology was devised. The change in methodology in 2017 resulted in a release of an additional £250k income in comparison to the income that would have been recognised under the old methodology.

#### c) Capitalisation Policy

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

#### d) 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 balance sheet separately from other assets. The assets have been valued by St George Valuations, taking into account full market value. The work was begun in 2015 and was completed in early 2016.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### Accounting policies (continued)

#### e) 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	10% - 33%

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

The Society has adopted a policy of revaluation for its freehold properties. This asset class was revalued as at 31 December 2017 to fair value at the date of revaluation. In subsequent years, freehold properties will be held at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

\*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.

#### f) 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.

#### g) 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### Accounting policies (continued)

#### h) 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.

#### i) 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 statement of income and retained earnings 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.

#### j) 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.

#### k) Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into sterling using HMRC rates as at the balance sheet date. Foreign exchange differences are taken to the statement of income and retained earnings in the year in which they arise.

#### l) 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 other comprehensive income for the period. Other movements are allocated to the statement of income and retained earnings.

#### m) 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.

## Royal Pharmaceutical Society of Great Britain

### n) 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.

### o) 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.

### p) Fund structure

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.

### q) Operating lease rentals

Operating lease rentals are charged to the statement of income and retained earnings over the lease term on a straight-line basis.

### r) 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 Society'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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2 Income and expenditure

	Note	Income		Expenditure	
		2017 £000s	2016 £000s	2017 £000s	2016 £000s
<b>From professional body activities</b>					
Professional Member fees		4,844	4,666		
Assembly		-	-	128	169
Chief Executive		31	1	370	442
English, Scottish and Welsh Boards		45	78	1,641	2,349
Professional Development		287	413	1,921	1,887
Marketing and Membership		462	522	2,174	1,859
Resources		138	290	4,025	3,670
Cost transfer to Pharmaceutical Press		-	-	(2,236)	(2,026)
<b>Total from professional body activities</b>		<u>5,807</u>	<u>5,970</u>	<u>8,023</u>	<u>8,350</u>
Pharmaceutical Press		17,804	16,206	13,302	12,603
Costs transfer to Pharmaceutical Press		-	-	2,236	2,026
<b>Total Pharmaceutical Press</b>		<u>17,804</u>	<u>16,206</u>	<u>15,538</u>	<u>14,629</u>
<b>Total for the year</b>		<u><u>23,611</u></u>	<u><u>22,176</u></u>	<u><u>23,561</u></u>	<u><u>22,979</u></u>



# Royal Pharmaceutical Society of Great Britain

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 3 Information regarding employees

<b>Employee costs represent:</b>	<b>2017 £000s</b>	<b>2016 £000s</b>
Wages and salaries	8,382	8,455
Social security costs	893	854
Pension costs	1,110	1,150
	<u>10,385</u>	<u>10,459</u>

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

	<b>No.</b>	<b>No.</b>
Professional Development	33	31
Resources	25	24
Membership and Marketing	21	20
Chief Executive's Office	3	3
English, Scottish and Welsh Pharmacy Boards	21	22
Pharmaceutical Press	93	101
	<u>196</u>	<u>201</u>

	<b>No.</b>	<b>No.</b>
<b>Monthly average of employees in post during the year</b>	<u>202</u>	<u>206</u>

<b>Chief Executive and Directors' remuneration</b>	<b>2017 £000s</b>	<b>2016 £000s</b>
Basic salaries	1,424	1,474
Benefits	5	13
Pension contributions	96	115
	<u>1,525</u>	<u>1,602</u>

<b>Chief Executive and Directors' remuneration, excluding pension contributions, fell within the following ranges:</b>	<b>2017 No.</b>	<b>2016 No.</b>
£70,001-£80,000	1	-
£80,001-£90,000	1	4
£90,001-£100,000	4	2
£100,001-£110,000	-	2
£110,001-£120,000	4	1
£120,001-£130,000	2	2
£130,001-£140,000	1	1
£140,001-£150,000	-	1
	<u>13</u>	<u>12</u>

# Royal Pharmaceutical Society of Great Britain

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

	<b>2017</b> <b>£000s</b>	<b>2016</b> <b>£000s</b>
Interest receivable	<u>3</u>	<u>8</u>
	<u>3</u>	<u>8</u>

### 5 Surplus on ordinary activities before taxation

	<b>2017</b> <b>£000s</b>	<b>2016</b> <b>£000s</b>
This is stated after charging:		
Operating lease rentals	31	40
Depreciation and amortisation	1,104	884
Auditor's remuneration:		
Buzzacott LLP: audit services:		
Prior Year	3	5
Current Year	28	23
Buzzacott LLP: other services	<u>7</u>	<u>20</u>
	<u>1,173</u>	<u>972</u>

### 6 Taxation

	<b>2017</b> <b>£000s</b>	<b>2016</b> <b>£000s</b>
Profit for the period	428	296
Expected tax charge at 19.25% (2016:20%)	(82)	(59)
Effects of:		
Disallowable expenditure	(155)	(238)
Unrecognised deferred tax	167	-
Non-taxable income	70	297
Movement on pension scheme (see note 18)	155	550
Revaluation gains	<u>(994)</u>	<u>-</u>
<b>Actual tax credit</b>	<u>(839)</u>	<u>550</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

# Royal Pharmaceutical Society of Great Britain

## 7 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.

The RPS elected to value these heritage assets in the year to 31 December 2015.

## 8 Intangible fixed assets

	<b>Product Development</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cost</b>		
As at 1 January 2017	1,787	1,787
Additions	1,314	1,314
Disposals	(606)	(606)
<b>As at 31 December 2017</b>	<b>2,495</b>	<b>2,495</b>
<b>Depreciation</b>		
As at 1 January 2017	652	652
Charge for the year	490	490
Disposals	(419)	(419)
<b>As at 31 December 2017</b>	<b>723</b>	<b>723</b>
<b>Net Book Value</b>		
<b>As at 31 December 2017</b>	<b>1,772</b>	<b>1,772</b>
<b>As at 31 December 2016</b>	<b>1,135</b>	<b>1,135</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 9 Tangible fixed assets

	Freehold Property	Long Leasehold	Plant & Machinery	Office Equipment	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost or valuation</b>					
As at 1 January 2017	13,414	111	2,159	1,910	17,594
Additions	1,266	-	10	163	1,439
Transfers	106	-	(87)	(218)	(199)
Disposals	-	-	-	(77)	(77)
Revaluation	3,454	-	-	-	3,454
<b>As at 31 December 2017</b>	<b>18,240</b>	<b>111</b>	<b>2,082</b>	<b>1,778</b>	<b>22,211</b>
Cost	14,786	111	2,082	1,778	18,757
Valuation - 2017	3,454	—	—	—	3,454
	<b>18,240</b>	<b>111</b>	<b>2,082</b>	<b>1,778</b>	<b>22,211</b>
<b>Depreciation</b>					
As at 1 January 2017	360	52	169	919	1,500
Charge for the year	205	7	117	286	615
Transfers	19	-	3	(221)	(199)
Disposals	-	-	-	(19)	(19)
Revaluation	(584)	-	-	-	(584)
<b>As at 31 December 2017</b>	<b>-</b>	<b>59</b>	<b>289</b>	<b>965</b>	<b>1,313</b>
<b>Net Book Value</b>					
<b>As at 31 December 2017</b>	<b>18,240</b>	<b>52</b>	<b>1,793</b>	<b>813</b>	<b>20,898</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>

The Society's freehold properties were revalued as at 31 December 2017, by a registered valuer at GL Hearn in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation professional standards. Market value was used as the basis for fair value. At acquisition, components of the properties were allocated to freehold property and plant for the purposes of calculating depreciation. At revaluation, the gain was attributed to land and freehold property.

### 10 Investments

	Investment Property £000s	Listed Investments £000s	Total £000s
As at January 2017	1,400	9,202	10,602
Additions	-	2,722	2,722
Disposal at book value (proceeds: £2,975,433 realised gains: £501,267)	-	(2,474)	(2,474)
Unrealised losses	-	(443)	(443)
<b>As at 31 December 2017</b>	<b>1,400</b>	<b>9,007</b>	<b>10,407</b>
Cash held for reinvestment	-	437	437
<b>Total investments as at 31 December 2017</b>	<b>1,400</b>	<b>9,444</b>	<b>10,844</b>
<b>Historical cost of investments as at 31 December 2017</b>	<b>427</b>	<b>9,376</b>	<b>10,776</b>

## NOTES TO THE FINANCIAL STATEMENTS

# Royal Pharmaceutical Society of Great Britain

For the year ended 31 December 2017

## 11 Stocks and work in progress

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Work in progress	6	14
Finished goods and goods for resale	124	113
	<b>130</b>	<b>127</b>

## 12 Debtors

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Trade debtors	2,587	1,786
Other debtors	62	-
Prepayments and accrued income	2,217	2,055
VAT debtor	247	454
	<b>5,113</b>	<b>4,295</b>

## 13 Creditors

<b>Amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Trade creditors	1,700	1,392
Other taxes and social security	224	226
Other creditors	681	723
Accruals	892	480
Deferred income:		
Subscription income	2,629	2,440
Licensing income	1,567	1,582
Membership income	708	724
Other income	154	247
	<b>8,555</b>	<b>7,813</b>

## 14 Provisions

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
As at January 2017	828	378
Additions	1,195	450
Released	(95)	-
<b>As at 31 December 2017</b>	<b>1,928</b>	<b>828</b>

# Royal Pharmaceutical Society of Great Britain

For the year ended 31 December 2017

## 15 Financial commitments

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Operating leases due:		
Within one year	42	31
Within two to five years	112	13
	<u>154</u>	<u>44</u>

## 16 Investment Reserve

<b>The makeup of the investment reserve as at 31 December 2017 is:</b>	<b>2017</b>
	<b>£000s</b>
Investment reserve as at 1 January 2017	10,776
Additions to the investment reserve	-
Withdrawals from the investment reserve	-
Net investment gains	58
Surplus of investment income over management expenses	62
	<u>10,896</u>

<b>Unapplied total return available within the investment reserve</b>	<b>Income return</b>	<b>Capital return</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	
As at 1 January 2017	-	513	513
Returns in the period	62	58	120
Returns released to the general reserve	-	-	-
<b>As at 31 December 2017</b>	<u>62</u>	<u>571</u>	<u>633</u>

## 17 Deferred Tax (Liability) Asset

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Opening deferred tax asset	653	103
Pension scheme liability	(446)	550
Property revaluation	(693)	-
Investment movements	300	-
Actual tax charge	-	-
Total net deferred tax (liability) / asset	<u>(186)</u>	<u>653</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 18 Pensions

Payments into the defined contribution/Group Stakeholder Pension Plan scheme of £510,165 (2016: £549,768) were due in the year, of which £78,000 (2016: £66,000) 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 2015 and the results have been updated to 31 December 2017 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 2017 reveals a scheme deficit of £4,194,000. This is a decrease on the deficit declared at the end of 2016 (£6,265,000).

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. The Employer will continue to monitor funding levels on, at least, an annual basis.

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

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligations	(68,433)	(70,143)
Fair value of plan assets	64,239	63,878
<b>Net liability</b>	<b>(4,194)</b>	<b>(6,265)</b>
Amounts in the balance sheet:		
Liabilities	(4,194)	(6,265)
Assets	-	-
<b>Net Asset</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### Pensions (continued)

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Opening defined benefit obligation</b>	<b>70,143</b>	<b>57,550</b>
Interest cost	1,817	2,086
Administration costs	279	224
Actuarial (gain) loss	(373)	12,833
Benefits paid	(3,433)	(2,550)
<b>Defined benefit obligation at end of year</b>	<b>68,433</b>	<b>70,143</b>

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Opening fair value of scheme assets</b>	<b>63,878</b>	<b>54,685</b>
Interest income	1,656	1,987
Actuarial gain (loss)	1,538	9,156
Employer contributions	600	600
Benefits paid	(3,433)	(2,550)
<b>Fair value of scheme assets at the year end</b>	<b>64,239</b>	<b>63,878</b>

d) The amounts included within the statement of income and retained earnings are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Administration costs	(279)	(224)
<b>Total amount charged within surplus as operating activities before tax</b>	<b>(279)</b>	<b>(224)</b>

e) Analysis of pension finance costs

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Interest on scheme assets	1,656	1,987
Interest on pension liabilities	(1,817)	(2,087)
<b>Pension finance costs</b>	<b>(161)</b>	<b>(99)</b>



# Royal Pharmaceutical Society of Great Britain

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### Pensions (continued)

#### f) Amount recognised in other comprehensive income

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Actuarial gain (loss) on liabilities	373	(12,833)
Actuarial gain (loss) on assets	1,538	9,156
<b>Actuarial gain recognised in other comprehensive income</b>	<b>1,911</b>	<b>(3,677)</b>

#### g) The major categories of scheme assets as a percentage of total Scheme

	<b>2017</b>	<b>2015</b>
UK equities	8.3%	10.6%
LDI	16.3%	11.7%
DGF	30.8%	32.2%
Insurance Contracts	42.0%	43.1%
Cash	2.6%	2.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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

	<b>2017</b>	<b>2016</b>
Discount rate	2.45%	2.65%
Aggregate long-term expected rate of return on scheme assets (net of expenses)	2.45%	2.65%
Retail Prices Index (RPI) inflation	3.40%	3.65%
Consumer Prices Index (CPI) inflation	2.40%	2.65%
Future increases to deferred pensions	2.40%	2.65%
Rate of increase of pensions in deferment:		
LPI (max 5%) based on RPI	3.15%	3.35%
LPI (max 2.5%) based on RPI	2.10%	2.15%

#### i) Scheme Principal assumptions at the balance sheet date (expressed as weighted averages):

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation	68,433	70,143	57,550	(60,167)	(54,083)
Scheme assets	(64,239)	(63,878)	(54,685)	56,294	56,813
Surplus / (deficit)	(4,194)	(6,265)	(2,865)	(3,873)	2,730
Non-recognition of surplus	-	-	-	-	(2,730)
Experience adjustments on scheme liabilities	373	(12,833)	2,923	(5,464)	(643)
Experience adjustments on scheme assets	1,538	9,156	(2,044)	(1,452)	2,020

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### Pensions (continued)

#### k) Life expectancy

	<b>2017</b>	<b>2016</b>
<b>Retiring Now</b>		
Males	27.3	27.7
Females	29.1	29.5
<b>Retiring in 20 years</b>		
Males	29.2	30.0
Females	30.7	31.4

### 19 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 £116,000 (2016: £92,000) to undertake the administration of its research activities. One Officer of the RPS is a “PRUK” trustee.

Due to their expertise within the pharmaceutical field, Assembly and Board members may complete small pieces of editorial work for the RPS.

In 2017, payments for Board and Assembly related activities totalled £219,000 (2016: £253,000).