

Royal Pharmaceutical Society of Great Britain

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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Royal Pharmaceutical Society of Great Britain

ASSEMBLY MEMBERS AND ADVISORS

President

Mr Ashok Soni OBE (appointed 22 July 2014)

Treasurer

Mr Sultan Dajani (appointed 25 July 2012)

Assembly

National Board Chairs

Mrs Sandra Gidley (England) (appointed 21 July 2015)

Dr John McAnaw (Scotland) (appointed 21 July 2015)

Mrs Suzanne Scott-Thomas (appointed 21 July 2015)

Dr David Branford (England) (resigned 20 July 2015)

Prof John Cromarty (Scotland) (resigned 20 July 2015)

Mrs Mair Davies (Wales) (resigned 20 July 2015)

Other Members

Mr Martin Astbury (appointed 22 July 2014)

Prof Claire Anderson (appointed 21 July 2015)

Dr Anthony Cox (appointed 21 July 2015)

Dr Mahendra Patel (appointed 21 July 2015)

Mr Paul Harris (appointed 21 July 2015)

Prof Duncan Craig (appointed 21 July 2015)

Dr Linda Hakes (appointed 23 July 2013)

Mr David Thomson (appointed 3 July 2012)

Dr Hamish Wilson (appointed 23 July 2013)

Mrs Sibby Buckle (resigned 21 July 2015)

Mrs Elizabeth Butterfield (resigned 21 July 2015)

Mrs Sandra Gidley (resigned 21 July 2015)

Prof Larry Goodyer (resigned 21 July 2015)

Mrs Suzanne Scott-Thomas (resigned 21 July 2015)

Chief Executive

Helen Gordon

Director of Finance and Resources

Simon Redman

LETTER FROM OUR PRESIDENT AND CHIEF EXECUTIVE

We are confident about the contribution and impact that pharmacists have on the lives of millions of people in all settings through their expert knowledge of medicines. Pharmacists need to embody a professional spirit that fits with the expectation for high quality care from the public. The role we are fulfilling is to ensure that those skills and talents are developed so that pharmacists can be the best they can be, and to ensure their development of expertise and impact in healthcare is recognised, across all healthcare settings and, crucially, by the public.

Our members and all involved in health and social care faced significant challenges in 2015. There have been calls to all facets of the sector to continue to drive up standards but with ever more constrained resource. The need for strong, dynamic and progressive leadership, support and services from a forward thinking and dynamic professional body has never been greater. The Society is committed to delivering on this for pharmacy.

Over the last 5 years the Society, as the professional body for the pharmacy profession, has developed a firm foundation through its democratically elected national boards, supported by directorates that focus on professional development, support, and advocacy.

The ability to represent members in England, Scotland and Wales, as well as across all areas of pharmacy is a key strength that has paid dividends with increasing proof of our influence and leadership in all three countries and in all professional areas.

Our publishing division passed a significant milestone this year. Our most important publication, the BNF, has been redesigned from the ground up in order to better facilitate digital production for the future, with an improved user experience and to bring drug information into one place in the print format.

These achievements are matched with a sound financial and resourcing strategy that has allowed the Society to invest and plan for the future.

A new Headquarters in London

The Society moved into new headquarters in East London on Monday 29 June 2015.

The relocation to refurbished premises at 66-68 East Smithfield has given members access to the very latest in modern meeting and conference facilities.

The new headquarters showcases the Society's proud history and leading role within the pharmaceutical profession across England, Scotland and Wales.

The relocation of our HQ was funded from the sale of our Lambeth building and the move brings a substantial saving of £400,000 a year in running costs. Once taking into account costs we have added £1,000,000 to our reserves. With this successful relocation completed we now have an excellent London base which we are encouraging members to use.

Our new home is an excellent location to serve our members and enables the Royal Pharmaceutical Society to continue to represent and support the profession at the highest level.

The Society retains a permanent presence in Edinburgh and Cardiff to benefit our Scottish and Welsh members.

Delivering work under the themes of "leadership", "professional recognition", "networking", "support & development" and the provision of medicines information, have combined to deliver a strong voice for the profession, which has influence across pharmacy, governments, the healthcare environment and media. The Society is the only place where practice, specialisms, science, education and research combine. We are succeeding in reflecting the views and harnessing the expertise of all in pharmacy.

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Pharmaceutical Press continues to be a publisher of world-class material, with strong product brand recognition in the UK, USA and other countries. Despite significant economic challenges, the Pharmaceutical Press have developed capacity for continuous improvement of their processes to develop better products at less cost. Year on year revenues generated from digital formats have increased by 12%, demonstrating our capability to take advantage of the significant opportunity to provide digital medicines information to health professionals alongside our printed resources.

Pharmacy is still a growing profession. Our advocacy for pharmacists gaining an extended role in the UK and overseas increases the need for recognition of expertise. The Faculty is growing in stature as well as number with the Faculty programme now being adopted in countries outside of the UK.

The RPS Faculty provides our members with support networks, access to experts and mentors across all sectors, and at all stages of professional careers, alongside opportunities to develop professionally, to build a portfolio of transferable knowledge and skills that is widely recognised.

The RPS Foundation Programme, a professional development programme for members shows our commitment to support for pharmacists who are in their first 1000 days of practice, as well as those returning to work after a career break, changing their scope of practice or practice environment, and those who are simply working steadily in their practice setting.

The RPS Foundation programme enable pharmacists to gain knowledge, skills and behaviours essential across all sectors and settings, so that our members are equipped to adapt and deliver safe and effective pharmaceutical care.

Patients and the public, the individuals and organisations that we work with, know that the Society embodies its values and operates with transparency and integrity. Our focus, detailed through this report, is on delivering the best for people through the support of our members and customers; we strive for excellence; we listen, learn and work collaboratively to make an impact; we have the drive, determination and the skill to grow and develop the Society and the members and customers we serve.



Ashok Soni and Helen Gordon
President and Chief Executive
6th April 2016

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 Society") for the year ended 31 December 2015.

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 Society 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.

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Legal status

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

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 Society 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 2015 and the following issues were considered:-

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- **Risk Management and Business Continuity.** As the Society 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 Society 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.
- **Overseas Activities.** There is considerable interest in our products and services abroad in respect of membership and our publications and the Faculty and this will be a fruitful source of growth. We have discovered that Pharma Editores have continued to trade illegally passing off as representing us, and we are taking legal measures to stop this and ensure the customers purchase up to date material directly instead.
- **Bribery Act.** The Committee assessed the compliance with the 2010 Bribery Act, by reviewing the Bribery Prevention Policy produced by the Society 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 Assembly review the three year plan each November to ensure that there is clear strategic direction for the Society. The current plans demonstrate growth in all parts of the business.
- **Cyber-crime and IT Security.** The Committee is concerned that the largest risk facing the Society is of cyber-crime and the risk register reflects this. In order to test the security of the Society systems to external interference, repeated penetration testing of our external websites is undertaken.

Risk Management

The Society's 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 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. 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 Society 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 Society's 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 Society has a robust governance process to ensure that investments being made in 2016 achieve the objectives set.

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Remuneration Committee

The Remuneration Committee comprises the Officers and the Chairs of the three National Boards. The Committee agreed that an overall 1% basic salary increase will be budgeted for 2016/17.

The Executive Team

Consisting of the Chief Executive and Directors has delegated responsibility for the day to day management of the Society. 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 Society 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 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 Society, 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 Society 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 16 to the financial statements. This information includes disclosures required by Financial Reporting Standard 17 (FRS102).

Financial Results

The financial results for 2015 before interest and taxation is a deficit of £1,249,000, compared to a budgeted deficit of £1,407,000. The comparative result for 2014 was a deficit of £1,467,000. The 2015 results were reduced by £162,000, due to a change in accounting policy for licensing and royalties, requiring the relevant portion relating to future periods to be deferred.

After incorporating the pension scheme accounting adjustments, interest, the tax liability for the year and a £11,724,000 surplus on disposal of land and buildings, the final result for the year is a surplus of £11,101,000. The comparative result for 2014 was a deficit of £1,455,000.

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 £28,482,000 (2014 - £14,010,000).

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Review of business activities and future opportunities

- Society revenues fell by 2% in the year to £20,690,000, due to the decline in print sales, which are cyclical in nature. On a like for like basis, all other publishing revenues increased year on year by £728,000. Member fees were up £79,000, due to greater retention levels and increasing recruitment, reflecting the success of the career-stage focus on member services.
- 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 £31,000,000 in a scheme to employ around 400 pharmacists in GP surgeries. Progress has also been made in providing community pharmacists with access to health care records with the Government pledging to roll out access to the NHS Summary Care Record to all pharmacies in England.
- The National Boards 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. On average the Society featured in national and regional consumer media every day in 2015. More video, and info-graphics as well as sharing content through social media backed up a comprehensive approach to showcasing the profession through the national media.
- The Corporate Communications team also renewed our social media guidance package for members and supported all directorate with advice about social and earned media use.
- Pharmaceutical Press published 11 titles during the year, including new editions of British National Formulary ("BNF") 69, BNF 70, BNF for Children 2015-16, Nurses Prescribers' Formula 2015-17, Medicines and Ethics & Practice 38th.
- BNF and our Joint Venture partners, the BMJ, continue to work closely together, ensuring a high quality product and adherence to the contract terms with NICE. A new contract was signed with NICE at the beginning of 2015.
- The building is right sized for the needs of the Society, reducing running costs and the refurbishment has allowed us to create modern working spaces that encompass the technology and space to facilitate cross department working in an efficient way. The bulk of the museum and library collection has been brought into the HQ and now wraps around the conference space allowing much greater access to see it. We hope that members will use this great space for meetings in London and we have networked with our offices in Scotland and Wales to increase the opportunities for joint working and reduced travel.
- The Society completed the sale of the Lambeth headquarters and Bell House in 2015 and has revalued the Society flat, the new headquarters, the Welsh Office and the museum and library assets. The Society has benefited considerably from the rise in London property prices which has enabled it to invest in refurbishing offices and refreshing the technology and the mechanical and electrical systems without the need to access reserves, which would have been necessary if the Society had stayed in Lambeth; Indeed the reserves have increased after all this has been completed.
- Following the sale of 1 Lambeth and Bell House in 2015, a new Treasury strategy was implemented, with £10m being invested in a diversified growth fund (DGF), which is designed to preserve capital and generate absolute returns over the medium to long term. 2015 has seen a high degree of volatility, which has had a negative impact on the portfolio in the short term, however, we expect to see strong returns over the long term and are confident that the available reserves have been invested wisely and the strategy is right for the Society. In 2016 a new Investment Committee has been established to oversee the capital investment strategy.

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- The Society 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.
- The new headquarters was procured on a fixed price contract but the contractor was late delivering the building to the Society. The settlement of the account including the level of liquidated damages is still outstanding and so a provision has been made in the 2015 accounts for the payment that the Society believes it is liable to make.

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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 Society and of the incoming resources and application of resources, including the income and expenditure, of the Society 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 Society. They are also responsible for safeguarding the assets of the Society 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 Society's 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 Society's auditor is aware of that information.

The Assembly members are responsible for the maintenance and integrity of financial information included on the Society's 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 Sultan "Sid" Dajani
Treasurer
6th April 2016

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 2015 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 Society. Our audit work has been undertaken so that we might state to the Society's 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 Society and the Society's 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 Society's 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 Society's affairs as at 31 December 2015 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.

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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:

- 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 2015

	Note	2015	2015	2015	2015	2014 (restated)
		<i>£'000</i> <i>General</i> <i>Reserve</i>	<i>£'000</i> <i>Pensions</i> <i>Reserve</i>	<i>£'000</i> <i>Investment</i> <i>Reserve</i>	<i>£'000</i> <i>Total</i>	<i>£'000</i> <i>Total</i>
Income:	2	20,690	-	55	20,745	20,085
Expenditure:	2	(21,939)	129	(40)	(21,850)	(21,552)
Operating surplus/(deficit)		<u>(1,249)</u>	129	15	<u>(1,105)</u>	<u>(1,467)</u>
Net investment (loss)/gain	11	-	-	634	634	-
Surplus on disposal of land and buildings	10	11,724	-	-	11,724	-
Interest receivable (payable) and similar income	4	11	-	-	11	12
Surplus/(deficit) on ordinary activities before taxation	6	<u>10,486</u>	129	649	<u>11,264</u>	<u>(1,455)</u>
Taxation	7	-	-	(163)	(163)	-
Surplus/(deficit) on ordinary activities after taxation		<u>10,486</u>	129	486	<u>11,101</u>	<u>(1,455)</u>
Transfers between funds	21	(10,427)	-	10,427	-	-
Other comprehensive income:						
Recognition of heritage assets at valuation		3,500	-	-	3,500	-
Pension scheme actuarial gain (loss)		-	879	-	879	(4,434)
Deferred tax on scheme liability		-	(202)	-	(202)	775
Retained surplus/(deficit) for the year		<u>3,559</u>	806	10,913	<u>15,278</u>	<u>(5,114)</u>
Reconciliation of funds						
Total funds brought forward	19,20	14,010	(3,098)	-	10,912	16,026
Accumulated funds as at 31 December 2015		<u>17,569</u>	<u>(2,292)</u>	10,913	<u>26,190</u>	<u>10,912</u>

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BALANCE SHEET

As at 31 December 2015

	Note	2015 £000s	2015 £000s	2014 (restated) £000s	2014 (restated) £000s
Fixed Assets					
Heritage assets	8		3,500		-
Intangible assets	9		979		997
Tangible assets	10		16,368		17,245
Investments	11		11,074		-
			31,921		18,242
Current assets					
Stock	12	116		104	
Debtors	13	5,247		4,464	
Short-term deposits		-		1,034	
Cash in hand and at bank		1,252		1,074	
		6,615		6,676	
Creditors: amounts falling due within one year	14	(9,206)		(9,401)	
			(2,591)		(2,725)
Net current assets					
Creditors: amounts falling due more than one year			-		(1,200)
Provisions	15		(378)		-
Pension scheme liability*			(2,865)		(3,873)
Deferred tax asset			103		468
Net assets			26,190		10,912
Funds employed					
Accumulated fund:			17,569		14,010
Investment reserve:					
. Historical cost		10,442			
. Revaluation reserve		471			
			10,913		-
Total funds before pension liability			28,482		14,010
Pension scheme reserve*			(2,292)		(3,098)
Total funds including surplus/deficit on pension scheme reserve			26,190		10,912

The financial statements on pages 14 to 33 were approved on 6th April 2016 and were signed on behalf of the Assembly by:

Mr Ashok Soni (President)

Mr Sultan "Sid" Dajani (Treasurer)

Royal Pharmaceutical Society of Great Britain

STATEMENT OF CASH FLOWS

Year to 31 December 2015

	Notes	2015 £000s	2014 £000s
Cash (outflow) / inflow from operating activities	A	(2,458)	(590)
Cash inflow / (outflow) from investing activities	B	3,368	(3,980)
Increase in cash and cash equivalents	C	910	(4,570)

Notes to the cash flow statement for the year to 31 December 2015

A. Adjustment of net income (expenditure) before transfers to net cash inflow (outflow) from operating activities

	2015 £000s	2014 £000s
Net income (expenditure) before transfers	11,264	(1,455)
Pension adjustment	(129)	(561)
Amortisation charge	257	78
Depreciation charge	387	470
Surplus on disposal of land and buildings	(11,724)	-
Net investment gains	(634)	-
Investment income	(66)	(51)
Decrease (increase) in stocks	(13)	27
Decrease (increase) in debtors	(783)	(186)
(Decrease) increase in creditors	(1,017)	1,088
Net cash inflow (outflow) from operating activities	(2,458)	(590)

B. Gross cash flows

	2015 £000s	2014 £000s
Investing activities		
Payments to acquire tangible fixed assets	10 (4,290)	(3,445)
Payments to acquire intangible fixed assets	9 (239)	(586)
Receipts from disposals of tangible fixed assets	10 16,077	-
Payments to acquire investments	11 (9,493)	-
Receipts from disposals of investments	11 1,247	-
Investment income received	66	51
	3,368	(3,980)

C. Analysis of changes in cash and cash equivalents

	At 1 January 2015 £000s	Cash Flows £000s	At 31 December 2015 £000s
Cash at bank and in hand	1,074	178	1,252
Cash held by investment managers	-	1,766	1,766
Short term deposits	1,034	(1,034)	-
Total	2,108	910	3,018

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 of 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.

Heritage assets

The valuation of the Society's heritage assets was not fully completed as at 31 December 2015. The valuation brought into these financial statements reflects completed valuation of the majority of these assets together with an estimate of the value of the remainder.

Adjustments may be necessary in future accounting periods as the values of these estimates are resolved.

c) Heritage assets

The Society's 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 begun in 2015 and will be completed in early 2016.

The Society 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 2015

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	10-20%
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 Society 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 charity 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.

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 Society is writing off publication editorial costs as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

l) Accounting policies (continued)

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 Society 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 Society's Balance Sheet as a current liability.

h) 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.

j) Pension costs

The Society operates a defined contribution arrangement for all eligible employees to which the Society 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 Society's 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.

k) 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.

l) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

I. Accounting policies (continued)

m) 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 charity 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.

n) Fund structure

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

The pension reserve comprises the deficit on the Society's 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 Society's general fund.

The investment reserve comprises two elements: the cost of the Society's investments and the total return earned on those investments. Total return comprises two elements: a capital return and an income return. Currently, the Society is building up the unapplied total return on investments within the investment reserve.

The makeup of the investment reserve as at 31 December 2015 is:

	2015 £'000
Investment reserve at 1 January 2015	-
Additions to the investment reserve	10,427
Net investment gains	634
Surplus of investment income over management expenses	15
	<u>11,076</u>

Unapplied total return available within the investment reserve	Income return	Capital return	2015 Total
	£'000	£'000	£'000
As at 1 January 2015	-	-	-
Returns in the period	15	634	649
Returns released to the general reserve	-	-	-
As at 31 December 2015	<u>15</u>	<u>634</u>	<u>649</u>

o) Operating lease rentals

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

I. Accounting policies (continued)

p) 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.

q) Transition to FRS 102

The Society has made the transition to FRS 102. The transition date was 1 January 2014. The Society has made a number of adjustments upon transition to the new reporting framework. Further details are given in note 20.

Royal Pharmaceutical Society of Great Britain

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

2) Income and expenditure

	Note	Income		Expenditure	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
From professional body activities					
Professional Member fees		4,641	4,562		
Assembly		-	-	217	215
Chief Executive		1	1	366	351
English, Scottish and Welsh Boards		62	49	2,393	2,083
Professional Development		361	318	1,899	1,869
Marketing and Membership		472	322	1,750	1,642
Resources		43	892	2,862	3,857
Cost transfer to Pharmaceutical Press				(1,850)	(1,686)
Total from professional body activities		5,580	6,144	7,637	8,331
Pharmaceutical Press		15,110	13,941	12,452	11,535
Costs transfer to Pharmaceutical Press				1,850	1,686
Total Pharmaceutical Press		15,110	14,988	14,302	13,820
Total for the year		20,690	20,085	21,939	21,552

Royal Pharmaceutical Society of Great Britain

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

2) Income and expenditure (continued)

During 2014, the Society received the following income from the GPhC:

	2015 £'000	2014 £'000
Rental & Office Services	-	708
Other Services	-	81
	<u>-</u>	<u>789</u>

3) Information regarding employees

Employee costs represent:	2015 £'000	2014 £'000
Wages and salaries	8,118	7,885
Social security costs	826	773
Pension costs	1,170	1,161
FRS17 adjustment	-	(600)
	<u>10,114</u>	<u>9,219</u>

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

	No.	No.
Professional Development Resources	32	24
Membership and Marketing	24	25
Chief Executives Office	20	19
English, Scottish and Welsh Pharmacy Boards	3	3
Pharmaceutical Press	28	26
	96	95
	<u>203</u>	<u>192</u>

	No.	No.
Monthly average of employees in post during the year	<u>199</u>	<u>179</u>

Chief Executive and Directors' remuneration	2015 £'000	2014 £'000
Basic salaries	1,265	1,005
Benefits	9	9
Pension contributions	116	110
	<u>1,390</u>	<u>1,124</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

	2015 No.	2014 No.
£60,001-£70,000	-	1
£70,001-£80,000	2	1
£80,001-£90,000	3	3
£100,001-£110,000	-	1
£110,001-£120,000	1	1
£120,001-£130,000	2	1
	<u>8</u>	<u>8</u>

4) Interest receivable/(payable) and similar income

	2015 £'000	2014 £'000
Interest receivable	14	51
Pension interest (payable)/receivable	-	(39)
	<u>14</u>	<u>(12)</u>

5) Interest payable and similar expenditure

	2015 £'000	2014 £'000
Interest (payable) on overdrawn balances	<u>(1)</u>	<u>-</u>

6) Deficit on ordinary activities before taxation

	2015 £'000	2014 £'000
This is stated after charging:		
Operating lease rentals	28	27
Depreciation of fixed assets	663	548
Auditor's remuneration:		
Buzzacott LLP: audit services:		
Prior Year	23	23
Current Year	-	3
Buzzacott LLP: other services	7	1
	<u>676</u>	<u>602</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

7) Taxation

	2015 £'000	2014 £'000
Profit/(Loss) for the period	11,264	(1,455)
Expected tax charge at 20.25% (2014:21.5%)	(2,281)	313
Effects of:		
Fixed asset differences	-	-
Disallowable expenditure	(19)	(112)
Capital losses	177	-
Non-taxable income	2,369	-
Capital allowances in excess of depreciation	-	-
Utilisation of tax losses and other deductions	-	-
Unrelieved losses carried forward	(409)	(201)
Actual tax charge	<u>(163)</u>	<u>-</u>

8) Heritage assets

The Museum of the Society, 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 museums 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 Society has elected to value these heritage assets in the year to 31 December 2015.

Royal Pharmaceutical Society of Great Britain

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

9) Intangible assets

	Product Development £'000	Total £'000
Cost		
As at 1 January 2015	1,075	1,075
Additions	239	239
As at 31 December 2015	1,314	1,314
Amortisation		
As at 1 January 2015	78	78
Charge for the year	257	257
As at 31 December 2015	335	335
Net Book Value		
As at 31 December 2015	979	979
As at 31 December 2014	997	997

10) Tangible fixed assets

	Freehold Property £'000	Assets under construction £'000	Long Leasehold £'000	Plant & Machinery £'000	Office Equipment £'000	Total £'000
Cost						
As at 1 January 2015 (restated)	7,207	11,668	718	2,663	4,172	26,428
Additions	1,158	3,132	-	-	-	4,290
Transfer of asset under construction	11,779	(14,800)	-	1,966	1,055	-
Transfer to investment property	-	-	(607)	-	-	(607)
Disposals	(6,646)	-	-	(2,641)	(1,387)	(10,674)
As at 31 December 2015	13,498	-	111	1,988	3,840	19,437
Depreciation						
As at 1 January 2015	2,447	-	206	2,523	4,007	9,183
Charge for the year	134	-	20	75	158	387
Transfer to investment property	-	-	(180)	-	-	(180)
Disposals	(2,410)	-	-	(2,524)	(1,387)	(6,321)
As at 31 December 2015	171	-	46	74	2,778	3,069
Net Book Value						
As at 31 December 2015	13,327	-	65	1,914	1,062	16,368
As at 31 December 2014	4,760	11,668	512	140	165	17,245

Under the transitional provisions of FRS 102, the brought forward asset under construction has been restated at a valuation. The property was valued on completion at £14,800,000, and so the valuation attributable to the project at the date of transition has been included in the brought forward balance.

Royal Pharmaceutical Society of Great Britain

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

11) Investments

	Investment property £'000	Listed investments £'000	Total £'000
As at 1 January 2015	-	-	-
Reclassification of investment property	427	-	427
Additions	-	9,493	9,493
Disposals at book value (proceeds: £1,246,528 realised losses: £181,383)	-	(1,428)	(1,428)
Unrealised gains (losses)	973	(157)	816
As at 31 December 2015	1,400	7,908	9,308
Cash held for reinvestment	-	1,766	1,766
Total investments as at 31 December 2015	1,400	9,674	11,074
 Historical cost of investments as at 31 December 2015	 427	 8,065	 8,492

12) Stocks and work in progress

	2015 £'000	2014 £'000
Work in progress	22	11
Finished goods and goods for resale	94	93
	116	104

13) Debtors

	2015 £'000	2014 £'000
Trade debtors	3,012	2,053
Other debtors	41	47
Prepayments and accrued income	1,837	1,713
VAT debtor	357	651
	5,247	4,464

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

14) Creditors

Amounts falling due within one year	2015 £'000	2014 £'000
Trade creditors	2,895	3,777
Other taxes and social security	257	261
Other creditors	622	483
Accruals	661	700
Deferred income:		
Subscription income	2,302	2,191
Licensing income	1,180	1,002
Membership income	614	719
Other income	675	268
	<u>9,206</u>	<u>9,401</u>
Amounts falling due after one year	<u>-</u>	<u>1,200</u>

15) Provisions

Provisions at 31 December 2015 include the dispute over the value of the final cost of refurbishing 66 East Smithfield.

16) Financial commitments

	2015 £'000	2014 £'000
Operating lease payments which fall due:		
Within one year	24	28
Within two to five years	15	39
Over five years	-	-
Capital Commitments	<u>-</u>	<u>2,699</u>
	<u>39</u>	<u>2,766</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

17) Pensions

Payments into the defined contribution/Group Stakeholder Pension Plan scheme of £569,521 (2014: £560,539) were due in the year, of which £72,000 (2014: £nil) were outstanding at year end.

The Society 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 Society does not have access to these funds. An actuarial assessment was carried out as at 31 December 2012 and the results have been updated to 31 December 2015 by a qualified actuary.

In April 2012, the Society 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 2015 reveals a scheme deficit of £2,865,000. This is a decrease on the deficit declared at the end of 2014 (£3,873,000).

In addition to the contribution rates required to meet the cost of benefits earned by members in the future, the Society 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 2015, 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 2016 is £600,000.

Royal Pharmaceutical Society of Great Britain

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

	2015 £'000	2014 £'000
Present value of funded obligations	(57,550)	(60,167)
Fair value of plan assets	54,685	56,294
Net liability	<u>(2,865)</u>	<u>(3,873)</u>
Amounts in the balance sheet:		
Liabilities	(2,865)	(3,873)
Assets	-	-
Net Asset	<u>-</u>	<u>-</u>

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

	2015 £'000	2014 £'000
Opening defined benefit obligation	60,167	54,083
Interest cost	2,075	2,395
Administration costs	346	422
Actuarial (gain) loss	(2,923)	5,464
Benefits paid	(2,115)	(2,197)
Defined benefit obligation at end of year	<u>57,550</u>	<u>60,167</u>

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

	2015 £'000	2014 £'000
Opening fair value of scheme assets	56,294	56,813
Interest income	1,950	2,530
Actuarial gain (loss)	(2,044)	(1,452)
Employer contributions	600	600
Benefits paid	(2,115)	(2,197)
Fair value of scheme assets at the year end	<u>54,685</u>	<u>56,294</u>

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

	2015 £'000	2014 £'000
Administration cost	346	422
Total amount charged within surplus as operating activities before tax	<u>346</u>	<u>422</u>

Royal Pharmaceutical Society of Great Britain

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

e) Analysis of pension finance income

	2015 £'000	2014 £'000
Interest on scheme assets	1,950	2,530
Interest on pension liabilities	(2,075)	(2,395)
Pension finance income	(125)	135

f) Amount recognised in other comprehensive income

	2015 £'000	2014 £'000
Actuarial gain (loss) on liabilities	2,923	(5,464)
Actuarial gain (loss) on assets	(2,044)	(1,452)
Actuarial gain recognised in other comprehensive income	879	(6,916)

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

	2015	2014
Equity securities	11.2%	11.0%
Debt securities	12.6%	11.6%
Other	76.2%	77.4%
	100%	100%

The actual return on the scheme assets in the year

	2015 £'000	2014 £'000
	(94)	1,078

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

	2015	2014
Discount rate	3.7%	3.5%
Long term expected return on scheme assets	3.7%	3.5%
Future increases to deferred pensions	2.3%	2.3%
Rate of increase of pensions in deferment		
LPI (max 5%) based on RPI	3.1%	3.1%
LPI (max 2.5%) based on RPI	2.1%	2.1%
Retail Prices Index (RPI) inflation	3.3%	3.3%
Consumer Prices Index (CPI) inflation	2.3%	2.3%

Royal Pharmaceutical Society of Great Britain

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Defined benefit obligation	57,550	(60,167)	(54,083)	(53,745)	(49,064)
Scheme assets	(54,685)	56,294	56,813	54,021	52,809
Surplus / (deficit)	(2,865)	(3,873)	2,730	276	3,745
Non-recognition of surplus	-	-	(2,730)	(276)	-
Experience adjustments on scheme liabilities	2,923	(5,464)	(643)	8	1,549
Experience adjustments on scheme assets	(2,044)	(1,452)	2,020	146	1,747

j) Life expectancy:

	2015	2014
Retiring Now		
Males	27.3	27.2
Females	29.4	29.3
Retiring in 20 years		
Males	29.3	29.2
Females	31.0	30.9

18) 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 Society of £56,278 (2014: £43,000) to undertake the administration of its research activities. One Officer of the Society 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 Society. These are monitored by management and the Assembly and are made at standard rates. In 2015, payments for Board and Assembly related activities totalled £405,000 (2014: £374,000).

19) Prior period adjustment

During the year, the Society has been able to obtain more accurate information on the subscribers to products that use the Society's intellectual property. This information has enabled the Society to allocate the income derived from these subscribers to the period in which the services are used. The effect on the prior year's financial statements is presented below.

	2014 £'000
Total funds as previously stated	9,909
Adjustment to increase deferred income and reduce income	(1,000)
Effect of transitional adjustments (note 15)	2,003
Total funds as restated	<u>10,912</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

20) Transition to FRS 102

In preparing these financial statements, the Assembly has considered whether, in applying the new provisions of FRS 102, the restatement of comparative items was required.

As required by section 35 of FRS 102, the final balance sheets for 2014 and 2013 have been restated as if FRS 102 were in force at the beginning of the previous accounting period. The reconciliations for 2014 and 2013 have been shown in order to demonstrate the effect of the change in reporting framework for the opening balances as at 1 January 2015 and 1 January 2014.

	2014 £'000	2013 £'000
Total funds as previously stated	9,909	14,798
Revaluation of tangible fixed asset	1,535	1,535
Recognition of deferred tax liability on revaluation of tangible fixed asset	(307)	(307)
Recognition of deferred tax asset on pension scheme liability	775	-
Effect of prior period adjustment (note 14)	(1,000)	-
Total funds as restated	<u>10,912</u>	<u>16,026</u>

Revaluation of tangible fixed asset

The Society has revalued an asset held under construction as at the transition date of 1 January 2014. This has resulted in an increase in the value of the asset. Under the transitional provisions of FRS 102 this valuation has been deemed to be cost.

Recognition of deferred tax asset

Under section 29 of FRS 102 *Deferred taxation*, a deferred tax asset arises when there is a timing difference between the way a transaction is treated for taxation and accounting purposes. In the case of the pension scheme liability, the recognition of the liability is in advance of the tax deduction allowable. Therefore, a deferred tax asset has been recognised.

21) Transfers between funds

The transfer between funds represents the net book value of a tangible fixed asset that was reclassified in the year to an investment property, and the value of cash transferred to the investment portfolio during the year.