

**20**

**Annual Report**  
**Financial statements for the**  
**year ended 31 Dec. 2018**

**18**



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# Assembly members and advisors

## PRESIDENT

**Ashok Soni** Appointed 18 July 2017

## TREASURER

**David Thomson** 1 Jan – 2 July 2018

**Mahendra Patel** Appointed 17 July 2018

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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

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### CHIEF EXECUTIVE

**Paul Bennett**

### DIRECTOR OF FINANCE AND RESOURCES

**Simon Redman**

### PRINCIPAL OFFICE

66 East Smithfield, London, E1W 1AW

### AUDITOR

**Buzzacott LLP**

130 Wood St, London, EC2V 6DL

### SOLICITOR

**Laytons Solicitors LLP**

2 More London Riverside, London SE1 2AP

### BANKER

**National Westminster Bank**

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

# Letter from our President and Chief Executive

**ASHOK SONI, OBE,**  
PRESIDENT



**PAUL BENNETT,**  
CHIEF EXECUTIVE



In this introduction to the Financial Statements for the year ended 31 December 2018 we are unable to cover everything that the RPS has been doing in 2018 for the benefit of its members, its customers and the profession as a whole but we hope it captures some of the key highlights of the last year. More detail will be included in the Annual Review to be published shortly.

As Chief Executive and President we believe this statement reflects the challenging year that the organisation has had in 2018 and in continuing to deliver against the strategic objectives agreed by our Assembly back in 2016. These strategic objectives continue to provide a basis for the work that is undertaken on behalf of the membership of the RPS and the profession as a whole and we make no apology for repeating the strategic aims of the RPS here as they are guiding the work of all of the teams at the RPS and help focus our energies and resources accordingly.

- 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.

Our members elected to the National Pharmacy Boards and those who sit on our Assembly ensure that RPS continues to abide by its Charter obligations and that the organisation places its members at the very centre of what we do. This is

a very important philosophy for all of us at the RPS which strives at all times to be member centric. The National Pharmacy Boards are the very backbone of this organisation and it is through them that policy positions are determined and our members' voices are heard.

With that in mind, in 2018 we made a number of significant enhancements to what we do and how we do things and we hope that our members are starting to see a real difference as a consequence.

Membership organisations cannot stand still and they must not take their membership for granted – they need to work increasingly harder to demonstrate real value and relevance. They need to be clear on their proposition and communicate this in a consistent way. The proposition then needs to be brought to life through the 'look' and 'feel' of the organisation and the 'tone of voice' that it chooses to use in its communication.

Following extensive consultation with our members, RPS has worked hard during 2018 to create its new proposition and we believe this is starting to make a significant difference.

We are now clear about our mission;

## **We put pharmacy at the forefront of healthcare**

and we are clear about our vision;

## **We are the world leader in the safe and effective use of medicine**

During 2018 we redesigned all of our branding material and updated the website to reflect our new corporate language and in doing so we hope we have made it easier for members and those who work with us to connect with us and to access the information they need. The new website was introduced in November and we know there are still improvements to be made but we believe it's a big step forward.

We have also taken the opportunity to use our new proposition and branding to define the type of organisational behaviours we need to exhibit and that our members would expect from us. In future we will make sure that we focus our energies on being Inspiring, on being Empathetic and on being Relevant.

At the same time as rebranding the RPS we also restructured the Executive team and the functional areas led by the senior leadership of the organisation. We did this to make sure that priority areas are being appropriately led and our people were clear on what part they play in supporting our members and meeting the needs of our customers. As part of this internal reorganisation we were able to attract a number of high calibre individuals into director level positions and they have brought with them fresh thinking and a new drive and determination to enhance the work of the RPS.

We have a directorate focussed upon Pharmacy and Member Experience which aims to coordinate the work we do for and on behalf of our members in events, in policy development, professional support etc. and which ensures that our teams supporting the work of the three National Pharmacy Boards work collaboratively and always have in mind how the work that they do will benefit our members in the three nations.

Our new directorate of Education and Professional Development is working hard on defining what a Foundation training programme will look like and how we will support our members to advance their practice while our directorate that supports our Science and Research agenda has been given increased profile within the organisation with the Chief Scientist now reporting directly to the CEO.

We have introduced a new Innovation and Enterprise function led by a director who is a pharmacist and who also has responsibility for our international strategy. Working alongside colleagues leading our Technology directorate, our Finance and Corporate Services functions and our People (otherwise known as HR) functions means we are able to ensure those functions that directly interface with our members are themselves provided with high quality 'back office' support to ensure that members and customers are given the focus and attention they truly deserve.

We have also made significant progress in our

publishing division. Pharmaceutical Press has continued to perform strongly throughout 2018 with notable growth in revenues and profitability while at the same time ensuring that strategy for future growth is realistic and achievable. This has been underpinned by the launch in 2018 of MedicinesComplete, the development of our Adverse Drug Reactions checker tool and the recent acquisition of content for the publication on advice for clinicians who work with patients receiving palliative care.

We continue to benefit from the investment made in previous years to move to a digital platform for our products and will continue to invest in this area in the future.

At this point we would like to pay tribute to Alina Lourie, our Managing Director of Pharmaceutical Press who retired in December after seven years with us during which period much of this transformation has taken place. She is replaced by Karen Baxter MRPharmS as Interim Managing Director under whose stewardship PhP performance continues to strengthen.

During 2018 we also made acquisition in the property market and purchased a new office for our Scottish team and national Board. This allows the RPS to vacate its current premises in Edinburgh occupied under a lease arrangement and to occupy a prestigious property in the Centre of Edinburgh. This is a strong addition to the RPS property portfolio. The London office at East Smithfield has also proved to be a sound investment as recent valuation has demonstrated and we continue to experience increased demand for hiring of our space as well as the increased use by membership.

One major highlight of 2018 was undoubtedly the hosting of the prestigious FIP Congress in Glasgow in September. This was a significant undertaking for RPS and we were delighted with the positive reception from over 3000 delegates attending, many from overseas. We learnt a lot about running such an enormous conference and were able to put the work of UK pharmacists on display to an international audience. No doubt the reputation of the RPS was enhanced by this event and we attracted a number of overseas members as a consequence.

Another successful event run in 2018 was the Wales

Medicines Safety Conference that has now run for seven years. At the conference we launched professional guidance on end of life care and have demonstrated the real difference that pharmacists can make in supporting patients to ensure they receive the right medicines at the right time.

Before closing this introduction we wanted to mention the work we have started in 2018 on our Corporate Social Responsibility agenda. RPS recognises that it has an important role to play as a corporate citizen and we are enthused by the positive response to our efforts in this area. We will be talking more about the work we are starting to do in this space in the near future.

Our other major area of focus is on our people and our efforts to ensure we attract and retain great talent that is able to produce products and services that meet the high standards that our members deserve.

We have made significant inroads in 2018 in reducing our staff turnover and in recruiting high calibre colleagues into the organisation. We strive to be an employer of choice in our sector as we strongly believe that having great people working in the organisation delivers great member service.

We will continue to drive our revenue growth and profitability of our commercial operations so that we can reinvest in our members and in ensuring that RPS remains viable and sustainable for the long term. We know we still have much to do to demonstrate we are an organisation to which every pharmacist and pharmaceutical scientist will want to belong but we truly believe we are now on that journey and hope that you will want to come along with us.



**ASHOK SONI**  
PRESIDENT

**PAUL BENNETT**  
CHIEF EXECUTIVE

20<sup>th</sup> March 2019

# 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 2018.

## 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.

## 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. This is underpinned by regulations. The RPS was founded in 1841 and incorporated by Royal Charter in 1843. The RPS' current Charter was granted in 2004 and was amended on 27th September 2010 to remove the RPS' 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 delegates implementation to the Country Director.

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 Finance and Investment and Audit and Risk Committees;
- 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.

## FINANCE AND INVESTMENT COMMITTEE

The Committee was formed in 2018 and comprises of four members of the Assembly and/or National Boards and the Treasurer.

### **The Finance and Investment Committee is established to:**

- review the proposed budget and its alignment with approved business plans in advance of each financial year and report its opinion to the Assembly prior to the budget being signed off;
- monitor the integrity of the financial statements, including reports on financial performance, reviewing significant reporting issues and judgements which they contain. Assess and make recommendations to the Assembly on any significant variances against approved budgets;
- recommend to the Assembly approval of the annual financial statements;
- assess the adequacy of internal and external financial reports, and ensure that reports are accurate and timely, assess the effectiveness and adequacy of accounting, financial and operating controls and satisfy itself that the annual financial statements represent fairly the financial position of the RPS;
- review significant accounting policies and procedures and recommend changes to the Assembly. Review and monitor the appropriateness of the RPS' financial reserves policy;
- monitor the effectiveness of the arrangements in place to secure economy, efficiency and effectiveness, and value for money;
- oversee short and long-term investments;
- review the investment strategy and make recommendations to the Assembly for change where deemed appropriate. Review the current Statement of Investment principles and recommend changes as required for consideration by the Assembly;
- review the implementation of approved capital projects to determine if the agreed objectives are being achieved and review post implementation reports;
- monitor the Diversified Growth Fund;
- ensure that the fund is performing to expectations;

- assess if the policy between asset classes and asset managers is deemed appropriate;
- monitor the exercise of the investment powers that have been delegated to the fund managers;
- appoint (and when necessary dismiss) the investment managers and investment consultants;
- review the appropriate amount of funds to deposit with the Fund manager periodically balanced against the competing needs for investment in the RPS and cash flow forecasts;
- review the investment in property assets and the balance between this and other investment options.

### **The Finance and Investment Committee met in October 2018 and the following issues were considered:**

- **3 Year Business Plan and Investment Strategy.**  
A review of the financial plans on behalf of the Assembly, where ultimate fiduciary duty lies.
- **Investment portfolio.**  
Undertook a review of the RPS' risk profile, the ethical investment policy and the fund's overall objectives and performance.

## 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;
- monitor the integrity of internal controls, including review of internal audit and other management reports on the effectiveness of the systems of internal control;



- keep under review the Risk Register and advise the Assembly accordingly;
- ensure the RPS' procedures for ensuring legal compliance in all areas are implemented;
- ensure appropriate arrangements for staff to raise concerns about possible improprieties;
- review anti-fraud and whistleblowing policies;
- assess the scope and effectiveness of the systems designed to identify, assess, manage and monitor significant risks.

**The Audit and Risk Committee met three times during 2018 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.
- External Audit. Members noted the post audit report for the 2017 audited accounts and agreed that it be presented to Assembly in July. Because at this time the Finance and Investment committee hadn't been formed.
- Internal Audit. A programme of internal audit work was presented to the Committee in 2014. 169 recommendations have been made with 145 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.
- Cyber-crime and IT Security. The Committee continues to monitor the threat of cyber-crime but notes the work that has been done in 2017 and notes that this is no longer the highest on the risk register.

**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 architecture has also been significantly improved with automatic fail over in the event of a problem with an internet connection and increased capacity to improve resilience at all locations. The security of the RPS museum and library assets, hardware and staff are covered by an extensive range of security devices at the new headquarters.

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

- Member retention and recruitment
- Competition from other bodies within the pharmacy sector
- Cyber-crime and IT security
- Security of assets and information
- Potential increase in pension costs

The RPS has a robust governance process to ensure that investments being made in 2019 achieve the objectives set.

**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 2019. This salary increase will apply to all staff, including the senior management team.

**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 latest information on the pension scheme is given below:**

There was a new tri-annual Actuarial Valuation, (as at 31st December 2018), undertaken by the Trustees in 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 to remove the risk of increased costs arising from extended life projections. The 'buy-in' represents an insurance policy that would pay an annuity to the fund and does not favour any particular group of pensioners. It was not economic to do the same for deferred pensioners as the insurance pricing for the uncertainty of this group was cost prohibitive.

More information regarding the Pension Scheme can be found in note 19 to the financial statements. This information includes disclosures required by FRS102.

## FINANCIAL RESULTS

The financial result for 2018 before interest and taxation is a deficit of £1,209,000 and indeed we had planned that we would make a higher loss for 2018 as we invested in key areas of our business in order to achieve growth and sustainable future revenues and to make the organisation more resilient.

The comparative result for 2017 was a surplus of £272,000 and we were delighted that total revenues from operating activities were stable in the year at £23,594,000 and so the main reason for the change from the previous year was the investment projects and the success of reducing our staff turnover, the fruit of our active staff engagement program.

The balance sheet is stronger than in the history of the RPS through a program of good investment and has allowed us to reposition the organisation to respond to the needs of our members and customers.

No new Major Reference Works were published in 2018, which when combined with the general downward trend in print sales has led to a year on year decline in print sales of £720,000. This decline in print revenues emphasises the importance of driving revenues through content creation and product innovation and we are delighted at the success of this strategy. Due to our focus on this area, digital publishing revenues now make up over half of all publishing revenues, having grown by £370,000 and thus we were able to increase sales of our digital publications to nearly offset market declines in demand for print and a fallow year for the cyclical print releases.

Wages increased by £1,061,000 in the year, partly due to inflation but most importantly due to the improved employee engagement initiatives, which have led to staff turnover rates reducing significantly despite the pressure of an increasingly competitive London employment market.

Cost of sales fell by £343,000 because there were no major reference works printed in the year and because profits we share with joint venture partners fell by £300,000 in the year.

The project to migrate all back-office IT services to the cloud was completed in 2018 costing £620,000. This was delivered on time and under budget and has given the RPS flexibility and added resilience.

The pension reserve includes £306,000 as an approximate past service cost in respect of obligations for GMP equalisation.

The investment portfolio reduced in value by £476,000 during the course of 2018 which has increased the comparative change to 2017 results when seen after all adjustments, however, this investment fund has increased in value since it

was first set up in 2015 by 5%. This is a long-term investment that will have cyclical gains and losses but is positioned to deliver long term growth whilst ensuring protection against the potential predicted adverse moves of the global financial markets in the short to medium term.

After incorporating movements on provisions, losses on investments, interest and the tax liability for the year, the final result is a deficit of £1,637,000. The comparative result for 2017 was a surplus of £428,000.

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 £31,560,000 (2017 - £32,414,000).

## **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 RPS 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

**DR MAHENDRA PATEL**  
TREASURER

20<sup>th</sup> March 2019

# 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 2018 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).

### In our opinion, the financial statements:

- give a true and fair view of the state of the RPS' affairs as at 31 December 2018 and of its deficit 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 and the Letter from the President and Chief Executive other than that within 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.

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 RPS 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
- 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.

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.

## **USE OF OUR REPORT**

This report is made solely to the members of the Assembly, as a body, in accordance with the Regulations 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.

**BUZZACOTT LLP**  
STATUTORY AUDITOR  
130 Wood Street  
London  
EC2V 6DL

# Statement of income & retained earnings

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000s	2018 £000s	2018 £000s	2018 £000s	2018 £000s	2017 £000s
		GENERAL RESERVE	PENSIONS RESERVE	INVEST. RESERVE	PROPERTY RESERVE	TOTAL	TOTAL
Income	2	23,595	-	160	-	23,755	23,915
Expenditure	2	(24,749)	(79)	(136)	-	(24,964)	(23,643)
<b>Operating (deficit)/surplus</b>		<b>(1,154)</b>	<b>(79)</b>	<b>24</b>	<b>-</b>	<b>(1,209)</b>	<b>272</b>
Decrease/(increase) in provisions	15	41	-	-	-	41	95
Net investment (losses)/gains	10	-	-	(476)	-	(476)	58
Interest receivable and similar income	4	7	-	-	-	7	3
<b>(Deficit)/surplus on ordinary activities after taxation</b>	5	<b>(1,106)</b>	<b>(79)</b>	<b>(452)</b>	<b>-</b>	<b>(1,637)</b>	<b>428</b>
Taxation	6	-	-	-	-	-	-
<b>(Deficit)/surplus on ordinary activities after taxation</b>		<b>(1,106)</b>	<b>(79)</b>	<b>(452)</b>	<b>-</b>	<b>(1,637)</b>	<b>428</b>
Transfers between funds		-	-	-	-	-	-
<b>Other comprehensive income</b>							
Property revaluation gain		-	-	-	-	-	4,038
Pension scheme actuarial gain	20	-	1,301	-	-	1,301	1,911
Deferred tax	19	-	(235)	515	189	469	(839)
<b>Retained (deficit)/surplus for the year</b>		<b>(1,106)</b>	<b>987</b>	<b>63</b>	<b>189</b>	<b>133</b>	<b>5,538</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		17,873	(3,517)	11,196	3,345	28,897	23,359
<b>Accumulated funds as at 31 December 2018</b>		<b>16,767</b>	<b>(2,530)</b>	<b>11,259</b>	<b>3,534</b>	<b>29,030</b>	<b>28,897</b>

The financial statements were approved by the Assembly on 20th March 2019 and were signed on its behalf by Mr Ashok Soni and Dr Mahendra Patel:

**MR ASHOK SONI**  
PRESIDENT

**DR MAHENDRA PATEL**  
TREASURER

# Balance sheet

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000s	2018 £000s	2017 £000s	2017 £000s
<b>Fixed Assets</b>					
Heritage Assets	7		3,500		3,500
Intangible assets	8		2,149		1,772
Tangible assets	9		20,394		20,898
Investments	10		8,064		10,844
			<b>34,107</b>		<b>37,014</b>
<b>Current assets</b>					
Investments	10	2,903		-	
Stock	11	63		130	
Debtors	12	6,228		5,113	
Cash in hand and at bank		598		1,503	
		<b>9,792</b>		<b>6,746</b>	
Creditors: amounts falling due within one year	13	(4,595)		(3,497)	
<b>Net current assets</b>			<b>5,197</b>		<b>3,249</b>
<b>Total assets less current liabilities</b>			39,304		40,263
Creditors: amounts falling due after one year			(50)		-
Deferred income	14		(5,648)		(5,058)
Provisions	15		(1,887)		(1,928)
Pension scheme liability	20		(2,972)		(4,194)
Deferred tax asset / (liability)	19		283		(186)
<b>Net assets</b>			<b>29,030</b>		<b>28,897</b>
<b>Funds employed</b>					
Accumulated fund			16,767		17,873
Property revaluation reserve	18	3,534		3,345	
Investment reserve:					
Historical cost	17	9,417		9,648	
Revaluation reserve	17	1,842		1,548	
<b>Revaluation reserve</b>			<b>14,793</b>		<b>14,541</b>
<b>Total funds before pension asset</b>			<b>31,560</b>		<b>32,414</b>
Pension scheme reserve			(2,530)		(3,517)
<b>Total funds including surplus/deficit on pension scheme reserve</b>			<b>29,030</b>		<b>28,897</b>

# Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £000s	2017 £000s
<b>Cash flows from operating activities:</b>			
Net cash generated by operating activities	A	743	1,239
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		(131)	(244)
Payments to acquire intangible fixed assets		(1,085)	(1,314)
Payments to acquire investments		(6,190)	(2,722)
Receipts from disposal of investments		5,671	2,975
Investment income received		167	147
<b>Net cash used in investment activities</b>		<b>(1,568)</b>	<b>(1,158)</b>
Change in cash and cash equivalents in the year		(825)	81
Cash and cash equivalents at 1 January 2018	B	1,940	1,859
<b>Cash and cash equivalents at 31 December 2018</b>	<b>B</b>	<b>1,115</b>	<b>1,940</b>

## Notes to the cash flow statement for the year to 31 December 2018

<b>A. Reconciliation of net movement in funds to net cash provided by (used in) operating activities</b>	2018 £000s	2017 £000s
Net (expenditure) income before transfers	(1,637)	428
Pension adjustment	79	(160)
Amortisation charge	410	490
Depreciation charge	635	614
Net investment losses/(gains)	476	(58)
Foreign exchange losses on forward contracts	58	-
Loss on disposal of tangible fixed asset	-	58
Impairment charge to intangible fixed assets	298	187
Investment income	(167)	(147)
Decrease/(increase) in stocks	67	(3)
(Increase) in debtors	(1,115)	(818)
Increase in creditors	1,639	648
<b>Net cash generated by operating activities</b>	<b>743</b>	<b>1,239</b>
<b>B. Analysis of changes in cash and cash equivalents</b>	At 31 Dec. 2018 £000s	At 31 Dec. 2017 £000s
Cash at bank and in hand	598	1,503
Cash held by investment managers	517	437
<b>Total</b>	<b>1,115</b>	<b>1,940</b>



# Notes to the financial statements

For the year ended 31 December 2018

## 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 settlement 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

An element of the reportable licensing income is a combination of deferred and accrued income, as determined by the contractual terms of each agreement.

#### Intangibles

Consideration paid for intellectual property in the year has been capitalised as an intangible fixed asset. This was acquired via a share purchase agreement, and is therefore to be amortised over a 10 year useful economic life. This is due to it representing the acquirement of a new trading arm through which economic benefit

is to be derived for a period that is expected to exceed that of the historically capitalised product development assets, which are amortised over 5 years. Management consider this appropriate in light of FRS 102's recent guidance on the useful life of intangible fixed assets acquired through the purchase of a business.

#### Impairment charges to intangible fixed assets

An impairment charge to intangible fixed assets has been made in the year. This relates to consultancy costs previously capitalised for the development of an app, as well as for IT infrastructure. The app costs have been impaired to a nil net book value due to this consultancy work no longer being used, with the app now being redeveloped. This makes these costs redundant in the app's future operation. The infrastructure consultancy costs have been impaired to a nil net book value due to them being associated with contracts whose obligations were waived during the year following the signing of a settlement agreement. There is therefore no ongoing value to be derived from this work by the RPS in future periods.

### 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.

### 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:

<b>Freehold property</b>	2%
<b>Long leasehold*</b>	2%
<b>Short leasehold</b>	Over life of the lease
<b>Plant and machinery</b>	5%-20%
<b>Office equipment</b>	10% - 33%

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

The RPS 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.*

## **F INTANGIBLE FIXED ASSETS**

Intangible assets are initially recognised 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.

Intangible assets which are technological in nature are assumed to have useful lives of five years and are amortised accordingly at an annual rate of 20%.

Intellectual Property assets, categorised under intangible fixed assets, are deemed to have a longer estimated useful life, and are amortised at an annual rate of 10%.

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. Provision is made for assets that are no longer deemed to give an ongoing benefit to the RPS for a period greater than 12 months.

## **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 portion of listed investments to be sold for a cash drawdown to fund the Society's operations in a period less than one year is shown under current assets. Cash held by investment managers is also shown within current assets. The remainder of the listed investments are considered fixed asset investments.

The main form of financial risk faced by the RPS 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.

## **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.

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, with the excess of receipts over income recognised carried forward in the balance sheet as deferred income.

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.

Forward currency contracts are a form of complex financial instrument. They are recognised at their fair value at the balance sheet date. Gains or losses arising during the year on such contracts are credited or debited to the statement of income and retained earnings.

## **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.

## **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 RPS 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 RPS' 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.

## 2 Income and expenditure

FOR THE YEAR ENDED 31 DECEMBER 2018

	Income		Expenditure	
	2018 £000s	2017 £000s	2018 £000s	2017 £000
<b>From professional body activities</b>				
Professional Member fees	4,994	4,844		
Assembly	-	-	95	128
Chief Executive	-	31	376	370
Pharmacy and Member Experience	701	653	4,699	4,199
Education	13	24	780	722
Innovation and Enterprise	-	-	67	-
Technology	-	-	619	390
Science & Research	22	117	340	425
Resources **	237	138	4,867	4,025
Cost transfer to Pharmaceutical Press	-	-	(2,501)	(2,236)
<b>Total from professional body activities</b>	<b>5,967</b>	<b>5,807</b>	<b>9,342</b>	<b>8,023</b>
Pharmaceutical Press	17,628	17,804	12,906	13,302
Costs transfer to Pharmaceutical Press	-	-	(2,501)	(2,236)
<b>Total Pharmaceutical Press</b>	<b>17,628</b>	<b>17,804</b>	<b>15,407</b>	<b>15,538</b>
<b>Total for the year *</b>	<b>23,595</b>	<b>23,611</b>	<b>24,749</b>	<b>23,561</b>

\*The RPS was reorganised during 2018 which makes comparison of individual cost areas between 2018 and 2017 more difficult.

\*\* In 2018, investment in technical change to move the infrastructure into the cloud environment was written off to revenue rather than capitalise it even though the benefit will be seen over many years. This prudent approach explains the large movement in costs between 2018 and 2017 and they will reduce again in 2019.

## 3 Information regarding employees

FOR THE YEAR ENDED 31 DECEMBER 2018

<b>Employee costs represent</b>	<b>2018 £000s</b>	<b>2017 £000s</b>
Wages and salaries	9,316	8,382
Social security costs	989	893
Pension costs	1,141	1,110
	<b>11,446</b>	<b>10,385</b>
<b>The number of persons employed by the RPS at the end of the year was</b>	<i>No.</i>	<i>No.</i>
Chief Executive's Office	3	3
Education	11	10
Innovation and Enterprise	3	-
Pharmaceutical Press	92	79
Pharmacy and Member Experience	54	49
Resources	31	25
Science and Research	7	10
Technology	18	20
	219	196
<b>Monthly average of employees in post during the year</b>	<i>No.</i>	<i>No.</i>
	<b>217</b>	<b>202</b>
<b>Chief Executive and Directors' remuneration</b>	<b>2018 £000s</b>	<b>2017 £000s</b>
Basic salaries	1,456	1,424
Benefits	4	5
Pension contributions	108	96
	<b>1,568</b>	<b>1,525</b>
<b>Chief Executive and Directors' remuneration, excluding pension contributions, fell within the following ranges</b>	<b>2018 No.</b>	<b>2017 No.</b>
£1 - £70,000	5	-
£70,001-£80,000	1	1
£80,001-£90,000	2	1
£90,001-£100,000	1	4
£100,001-£110,000	2	-
£110,001-£120,000	3	4
£120,001-£130,000	1	2
£130,001-£140,000	1	1
£140,001-£150,000	1	-
	<b>17</b>	<b>13</b>

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

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £000s	2017 £000s
Interest receivable	7	3
	<b>7</b>	<b>3</b>

## 5 Surplus on ordinary activities before taxation

This is stated after charging	2018 £000s	2017 £000s
Operating lease rentals	42	31
Depreciation and amortisation	1,044	1,104
<b>Auditor's remuneration</b>		
Buzzacott LLP: audit services		
Prior Year	(1)	3
Current Year	28	28
Buzzacott LLP: other services	20	7

## 6 Taxation

	2018 £000s	2017 £000s
(Loss) / Profit for the period	(1,637)	428
Expected tax charge at 19.25% (2017:19.25%)	(315)	(86)
<b>Effects of</b>		
Disallowable expenditure	(377)	(155)
Unrecognised deferred tax	730	167
Non-taxable income	105	70
Movement on pension scheme (see note 18)	235	155
Revaluation movements	91	(994)
<b>Actual tax credit/charge</b>	<b>469</b>	<b>(843)</b>

## 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

	INTELLECTUAL PROPERTY £000s	PRODUCT DEVELOPMENT £000s	TOTAL £000s
<b>Cost</b>			
As at 1 January 2018	-	2,495	2,495
Additions	240	845	1,085
Impairment	-	(653)	(653)
<b>As at 31 December 2018</b>	<b>240</b>	<b>2,687</b>	<b>2,927</b>
<b>Amortisation</b>			
As at 1 January 2018	-	723	723
Charge for the year	-	410	410
Impairment	-	(355)	(355)
<b>As at 31 December 2018</b>	<b>-</b>	<b>778</b>	<b>778</b>
<b>Net Book Value</b>			
As at 31 December 2018	240	1,909	2,149
<b>As at 31 December 2017</b>	<b>-</b>	<b>1,772</b>	<b>1,772</b>

Intangible assets with a net book value of £298,000 were fully impaired at year end as it was not deemed probable that they will generate any future economic benefit for the RPS.

This included consultancy costs capitalised for an app, which are now redundant owing to its redevelopment, as well as cloud software development consultancy costs, which were impaired owing to this no longer being used to give ongoing value to the RPS' operations.

## 9 Tangible fixed assets

	FREEHOLD PROPERTY £000s	LONG LEASEHOLD £000s	PLANT & MACHINERY £000s	OFFICE EQUIPMENT £000s	TOTAL £000s
<b>Cost</b>					
As at 1 January 2018	18,240	111	2,082	1,778	22,211
Additions	75	-	-	56	131
<b>As at 31 December 2018</b>	<b>18,315</b>	<b>111</b>	<b>2,082</b>	<b>1,834</b>	<b>22,342</b>
Cost	14,861	111	2,082	1,834	18,888
Valuation - 2017	3,454	-	-	-	3,454
	<b>18,315</b>	<b>111</b>	<b>2,082</b>	<b>1,834</b>	<b>22,342</b>
<b>Depreciation</b>					
As at 1 January 2018	-	59	289	965	1,313
Charge for the year	283	7	116	229	635
<b>As at 31 December 2018</b>	<b>283</b>	<b>66</b>	<b>405</b>	<b>1,194</b>	<b>1,948</b>
<b>Net Book Value</b>					
<b>As at 31 December 2018</b>	<b>18,032</b>	<b>45</b>	<b>1,677</b>	<b>640</b>	<b>20,394</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>

The RPS' 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 2018 £000s	LISTED INVESTMENTS 2018 £000s	TOTAL 2018 £000s	TOTAL 2017 £000s
As at January 2018	1,400	9,006	10,406	10,602
Additions	1,580	4,610	6,190	2,722
Disposal at book value (proceeds: £5,670,649 realised gains: £326,517)	-	(5,344)	(5,344)	(2,474)
Unrealised gains/(losses)	-	(802)	(802)	(443)
<b>As at 31 December 2018</b>	<b>2,980</b>	<b>7,470</b>	<b>10,450</b>	<b>10,407</b>
Cash held for reinvestment	-	517	517	437
<b>Total investments as at 31 December 2018</b>	<b>2,980</b>	<b>7,987</b>	<b>10,967</b>	<b>10,844</b>
<b>Historical book cost of investments</b>	<b>2,006</b>	<b>7,411</b>	<b>9,417</b>	<b>10,776</b>
<b>Amounts shown as fixed asset investments</b>	<b>2,980</b>	<b>5,084</b>	<b>8,064</b>	<b>10,776</b>
<b>Amounts shown as current asset investments</b>				
Listed investments	-	2,386	2,386	-
Cash	-	517	517	-
	<b>-</b>	<b>2,903</b>	<b>2,903</b>	<b>-</b>



## 11 Stocks and work in progress

	2018 £000s	2017 £000s
Work in progress	2	6
Finished goods and goods for resale	61	124
	<b>63</b>	<b>130</b>

## 12 Debtors

	2018 £000s	2017 £000s
Trade debtors	2,627	2,587
Other debtors	1,470	62
Prepayments and accrued income	1,939	2,217
VAT debtor	192	247
	<b>6,228</b>	<b>5,113</b>

## 13 Creditors

	2018 £000s	2017 £000s
Trade creditors	1,272	1,700
Other taxes and social security	267	224
Other creditors	2,006	681
Accrual	1,050	892
	<b>4,595</b>	<b>3,497</b>

## 14 Deferred income

Income has been deferred as a result of the Society receiving amounts in advance of the period that they relate to for activities that have been analysed below:

	2018 £000s	2017 £000s
Subscription income	3,287	2,629
Licensing income	1,529	1,567
Membership income	626	708
Other income	206	154
	<b>5,648</b>	<b>5,058</b>

## 15 Provisions

	2018 £000s	2017 £000s
As at January 2018	1,928	828
Additions	314	1,195
Release	(355)	(95)
<b>As at 31 December 2018</b>	<b>1,887</b>	<b>1,928</b>

## 16 Financial commitments

The total future minimum lease payments over these periods are as follows:

	2018 £000s	2017 £000s
Operating leases due:		
Within one year	42	42
Within two to five years	70	112
	<b>112</b>	<b>154</b>

## 17 Investment Reserve

The makeup of the investment reserve as at 31 December 2018 is

	2018 £000s
Investment reserve as at 1 January 2018	10,896
Additions to the investment reserve	6,189
Withdrawals from the investment reserve	(5,889)
Deferred tax	515
Net investment losses	(476)
Foreign exchange losses on derivative financial instruments	(58)
Surplus of investment income over management expenses	82
	<b>11,259</b>

<b>Unapplied total return available within the investment reserve</b>	<b>Income return</b> £000s	<b>Capital return</b> £000s	<b>Total</b> £000s
As at 1 January 2018	62	571	633
Returns in the period	82	(534)	(452)
Returns released to the general reserve	-	-	-
<b>As at 31 December 2018</b>	<b>144</b>	<b>37</b>	<b>181</b>

## 18 Property revaluation reserve

The makeup of the investment reserve as at 31 December 2018 is	2018 £000s	2017 £000s
As at 1 January 2018	3,345	-
Property revaluation gain	-	4,038
Deferred tax	189	(693)
As at 31 December 2018	3,534	3,345

## 19 Deferred Tax Asset / (Liability)

	2018 £000s	2017 £000s
Opening deferred tax liability	(186)	653
Pension scheme liability	(235)	(446)
Property revaluation	515	(693)
Investment movements	189	300
Total net deferred tax asset / (liability)	283	(186)

## 20 Pensions

Payments into the defined contribution/Group Stakeholder Pension Plan scheme of £541,166 (2017: £510,165) were due in the year, of which £98,000 (2017: £78,000) 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 2018 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 2018 reveals a scheme deficit of £2,972,000. This is an improvement on the deficit declared at the end of 2017 of £4,194,000.

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 2018 were £600,000.

<b>A THE AMOUNTS RECOGNISED IN THE BALANCE SHEET ARE AS FOLLOWS</b>	<b>2018 £000</b>	<b>2017 £000s</b>
Present value of funded obligations	(63,021)	(68,433)
Fair value of plan assets	60,049	64,239
<b>Net liability</b>	<b>(2,972)</b>	<b>(4,194)</b>

  

<b>B CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION ARE AS FOLLOWS</b>	<b>2018 £000</b>	<b>2017 £000s</b>
<b>Opening defined benefit obligation</b>	<b>68,433</b>	<b>70,143</b>
Interest cost	1,638	1,817
Administration costs	270	279
Actuarial (gain) loss	(3,806)	(373)
Benefits paid	(3,820)	(3,433)
Past service costs (GMP equalisation)	306	-
<b>Defined benefit obligation at end of year</b>	<b>63,021</b>	<b>68,433</b>

  

<b>C CHANGES IN THE FAIR VALUE OF THE SCHEME ASSETS ARE AS FOLLOWS</b>	<b>2018 £000</b>	<b>2017 £000s</b>
<b>Opening fair value of scheme assets</b>	<b>64,239</b>	<b>63,878</b>
Interest income	1,535	1,656
Actuarial gain (loss)	(2,505)	1,538
Employer contributions	600	600
Benefits paid	(3,820)	(3,433)
<b>Fair value of scheme assets at the year end</b>	<b>60,049</b>	<b>64,239</b>

  

<b>D THE AMOUNTS INCLUDED WITHIN THE STATEMENT OF INCOME AND RETAINED EARNINGS ARE AS FOLLOWS</b>	<b>2018 £000</b>	<b>2017 £000s</b>
Administration costs	(306)	(279)
Past service costs including curtailments	(270)	
<b>Total amount charged within surplus as operating activities before tax</b>	<b>(576)</b>	<b>(279)</b>

  

<b>E ANALYSIS OF PENSION FINANCE COSTS</b>	<b>2018 £000</b>	<b>2017 £000s</b>
Interest on scheme assets	1,535	1,656
Interest on pension liabilities	(1,638)	(1,817)
<b>Pension finance costs</b>	<b>(103)</b>	<b>(161)</b>

<b>F AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>	<b>2018 £000</b>	<b>2017 £000s</b>
Actuarial gain (loss) on liabilities	3,806	373
Actuarial (loss) gain on assets	(2,505)	1,538
<b>Actuarial gain recognised in other comprehensive income</b>	<b>1,301</b>	<b>1,911</b>

<b>G THE MAJOR CATEGORIES OF SCHEME ASSETS AS A PERCENTAGE OF TOTAL SCHEME</b>	<b>2018</b>	<b>2017</b>
UK equities	3.4%	8.3%
LDI	24.1%	16.3%
DGF	26.4%	30.8%
Insurance Contracts	42.2%	42.0%
Cash	3.9%	2.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

<b>H SCHEME PRINCIPAL ASSUMPTIONS AT THE BALANCE SHEET DATE AS A PERCENTAGE OF TOTAL SCHEME</b>	<b>2018</b>	<b>2017</b>
Discount rate	2.90%	2.45%
Aggregate long-term expected rate of return on scheme assets (net of expenses)	2.90%	2.45%
Retail Prices Index (RPI) inflation	3.40%	3.40%
Consumer Prices Index (CPI) inflation	2.40%	2.40%
Future increases to deferred pensions	2.40%	2.40%
Rate of increase of pensions in deferment:		
LPI (max 3%) based on CPI	2.10%	2.10%
LPI (max 5%) based on RPI	3.15%	3.15%
LPI (max 2.5%) based on RPI	2.10%	2.10%

<b>I HISTORICAL TRENDS</b>	<b>2018 £000</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>
Defined benefit obligation	63,021	68,433	70,143	57,550	56,294
Scheme assets	(60,049)	(64,239)	(63,878)	(54,685)	(60,167)
Surplus / (deficit)	(2,972)	(4,194)	(6,265)	(2,865)	(3,873)
Non-recognition of surplus	-	-	-	-	-
Experience adjustments on scheme liabilities	3,806	373	(12,833)	2,923	(5,464)
Experience adjustments on scheme assets	(2,505)	1,538	9,150	(2,044)	(1,452)

## K LIFE EXPECTANCY

	2018	2017
<b>Retiring Now</b>		
Males	27.2	27.3
Females	29.0	29.1
<b>Retiring in 20 years</b>		
Males	29.1	29.2
Females	30.6	30.7

## 21 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 £22,000 (2017: £116,000) 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 2018, payments for Board and Assembly related activities totalled £231,000 (2017: £219,000).

## 22 Member expenses

MEMBER	POSITION HELD	ATTENDANCE FEES	LOCUM ALLOWANCE	TRAVEL	OTHER	TOTAL
Hamish Wilson	Assembly			1 435	630	2 065
Linda Hakes	Assembly	225		880	489	1 594
Nigel Ratcliffe	Assembly	513		393	511	1 417
Aamer Safdar	English Pharmacy Board	2 464		233	50	2 747
Catherine Armstrong	English Pharmacy Board	1 275		340	356	1 971
Claire Anderson	English Pharmacy Board	2 675		498	643	3 816
David Branford	English Pharmacy Board			334	160	494
Elizabeth Butterfield	English Pharmacy Board	3 566		507	646	4 718
Hemant Patel	English Pharmacy Board				163	163
Mahendra Patel	English Pharmacy Board	2 250		1 179	1 142	4 571
Martin Astbury	English Pharmacy Board	16 766		6 096	4 287	27 148
Nadia Bukhari	English Pharmacy Board	2 031		99		2 130
Sid Dajani	English Pharmacy Board	1 013	1 350	259	743	3 364
Thorrun Govind	English Pharmacy Board	1 409		329	326	2 064
Tracey Thornley	English Pharmacy Board	2 800			646	3 446
Ashok Soni	English Pharmacy Board & Assembly	42 456		4 543	5 289	52 288
David Carter	English Pharmacy Board & Assembly	3 916	3 200	1 335	2 443	10 893
Sandra Gidley	English Pharmacy Board & Assembly	25 678		4 384	2 678	32 739
Sharon Sibby Buckle	English Pharmacy Board & Assembly	1 146		3 660	2 648	7 454
Ailsa Power	Scottish Pharmacy Board	1 375		86	108	1 569
Alasdair Angus MacIntyre	Scottish Pharmacy Board	1 775		1 504	202	3 481
Andrew Carruthers	Scottish Pharmacy Board	506		66		572
Anne Boyter	Scottish Pharmacy Board			752	232	984
Deborah Alice Stafford	Scottish Pharmacy Board	506		524	244	1 274
Elaine Thomson	Scottish Pharmacy Board			45	123	168
John Cromarty	Scottish Pharmacy Board	473		86	86	645
John McAnaw	Scottish Pharmacy Board & Assembly			4 303	1 657	5 960
Jonathan Burton	Scottish Pharmacy Board	2 006		495	108	2 609
Jonathan Laird	Scottish Pharmacy Board	375		108		483
Kathleen Cowle	Scottish Pharmacy Board			1 051	179	1 229
Tamara Cairney	Scottish Pharmacy Board	375		25		400
David Thomson	Scottish Pharmacy Board & Assembly	1 240			1 155	2 395
Cheryl Way	Welsh Pharmacy Board	3 013		620		3 633
Dylan Jones	Welsh Pharmacy Board	1 153		386	160	1 699
E P Parry	Welsh Pharmacy Board			269		269
Ewan Black	Welsh Pharmacy Board	2 525		1 157	926	4 608
Fiona Jones	Welsh Pharmacy Board	400		390	137	927
Jamie Hayes	Welsh Pharmacy Board			46		46
Jodie Gwenter	Welsh Pharmacy Board	256		8		264
Mike Curson	Welsh Pharmacy Board			95		95
Paul Harris	Welsh Pharmacy Board			274	621	895
Richard Evans	Welsh Pharmacy Board	3 500		1 059	188	4 747
Robert Davies	Welsh Pharmacy Board	2 173		1 092	638	3 903
Ruth Mitchell	Welsh Pharmacy Board				168	168
Sudhir Sehwat	Welsh Pharmacy Board	1 525		102	163	1 790
Suzanne Scott-Thomas	Welsh Pharmacy Board & Assembly			604	1 788	2 392

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